Austria	Sch30	Indonesia	Rp3900	Pakistan	Rs45
Bahrain	Din1.000	Iran	Rls210	Philippines	Pes45
Belgium	BFr60	Israel	Shk5.50	Poland	Zl 18,000
Cyprus	CC1.00	Italy	L2500	Portugal	Es180
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr14	Korea	Won 2500	S.Arabia	SR9.00
Egypt	E£4.00	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.00	Lux -	LFr60	Sweden	SKr14
Germany	DM2.30	Morocco	MDh11	Switz	SFr3.20
Greece	Dr250	Neth	Fl 3.50	Thailand	Bht60
Hungary	Ft162	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr70	Norway	NKr15.00	Turkey	L6000
India	Rs29	Oman	OR1.20	UAE	Dh9.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,680

Monday February 10 1992

D 8523A

CRIMEA

Russia and Ukraine play the wild card

Page 12

World News

Shamir faces challenge to party leadership

Israeli prime minister Yitzhak Shamir faces an important pre-election test of strength in his own Likud party next week following the weekend decision by David Levy, the populist foreign minister, to run against him for the party leadership.

Mr Shamir is expected comfortably to defeat Mr Levy and Mr Ariel Sharon, the housing minister "hawk" who declared some weeks ago, when the leadership vote is held at a meeting of the Likud's 3,000-strong central committee on February 20. Page 4

Clampdown in Algeria

A state of emergency has been declared in Algeria, Algerian television said. It will take effect immediately and last for 12 months. Earlier, the country's military-backed leaders shut the headquarters of the Islamic Salvation Front after violence between Moslem fundamentalists and security forces. At least 40 people have been killed and 300 wounded since Friday. HQ closed, Page 4

Senegal air crash

Thirty people were killed and about 20 seriously injured – most of them French – when a tourist aircraft chartered by the Paris holiday company Club Mediterranee crashed near the southern Senegalese town of Ziguinchor. The Hawker Siddeley HS-74 was on an internal flight.

Krajina holds out

Leaders of Krajina, the Serb enclave in Croatia, reaffirmed their resistance to the United Nations peace plan for Yugoslavia, in the face of increased pressure from Serbia to accept the proposals. Page 2

Romanians vote

Romanians voted in their first free local elections in more than half a century to choose mayors and councillors in a key test of post-communist progress towards democracy.

Blow to Miyazawa

Japan's leftwing opposition parties joined forces to defeat Prime Minister Kiichi Miyazawa's ruling party in a closely watched upper house by-election. The defeat dealt a heavy blow to Mr Miyazawa's scandal-plagued government.

Pakistan acts on march

Pakistani security forces used batons and tear gas to prevent militants massing for a banned march into the Indian part of Kashmir.

US pressure on Saddam

The US is seeking ways of stepping up pressure on Iraqi President Saddam Hussein. Page 4

Togo rally

More than 50,000 Togolese flocked to an opposition rally in the capital, Lomé, signalling continued anger at army intervention in the country's shift to multi-party democracy.

Soweto killings

Fifteen people were killed in political unrest in South Africa at the weekend, including six shot and hacked to death in some of the worst fighting this year in Johannesburg's Soweto township, police said.

Venezuelan pledge

Venezuela's President Carlos Andres Perez has vowed to press on with unpopular economic reforms in spite of last week's frustrated uprising by dissident army units. Page 4

Israeli envoy to China

Israel appointed its first ambassador to China. The two countries established full diplomatic relations last month.

Snow hits Mideast

Snowstorms swept the east Mediterranean, blanketing Jerusalem and other cities, and reportedly causing at least 15 more deaths in the region's harshest winter in 40 years.

Business Summary

Salomon to shake up European management

Salomon Brothers, the scandal-hit Wall Street securities house caught rigging US Treasury bond auctions last year, is to announce a management shake-up in its European operations today.

Mr Dennis Keegan and Mr Stephen Posford are to become joint heads of the London-based European business. Mr Jim Massey will step down as head of international business, which included Europe, and take responsibility for Salomon's own investments and special projects. Page 12

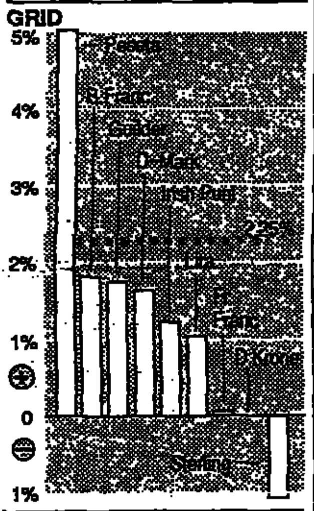
FRANCE'S wine industry suffered a drop in output of almost 35 per cent in 1991, after three years of excellent vintages. Page 3

LLOYD'S: Talks are underway in an effort to reach an out-of-court settlement in the Outhwaite case, the biggest single legal action in the history of the troubled London insurance market. Page 5

BULGARIA abolished restrictions on the repatriation of profits and is to allow foreign investors to set up their own enterprises in the country. Page 2

EUROPEAN Monetary System: The strength of the D-mark put pressure on sterling which hovered near its effective floor in the system last week. However, the peseta weakened slightly on Friday, relieving some of the tension. Currencies, Page 23

EMS February 7, 1992



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

BANK OF ENGLAND says the UK expects to meet the conditions for European economic and monetary union by the time parliament decides whether to move to a single-currency. Page 5

UK EMPLOYERS which poach expensively-trained workers from rivals could face demands to repay training costs under a government plan to be unveiled this week. Page 12

DENMARK recorded a record trade surplus of DKr22.7bn ($3.7bn) last year, assisted by a 19.2 per cent increase in exports to Germany. Page 3

BRITISH GAS is to spin off a 15 per cent stake in Consumers Gas, the Canadian natural gas utility bought in 1990. Page 13

PETROBRAS, Brazil's state oil monopoly, suffered its first loss, turning a $557m 1990 profit into a deficit of $237m for last year. Page 14

EDISON, listed energy subsidiary of Italy's Montedison group, is buying the Italian activities of Deutsche Shell for $230m. Page 14

Failure to liberalise trade could encourage America to pull out of Nato

Quayle warns EC on Gatt talks

By Quentin Peel in Munich

US Vice President Dan Quayle yesterday issued a thinly-veiled warning to the European Community about the General Agreement on Tariffs and Trade liberalisation talks.

He said that if the Gatt talks failed, it would fuel protectionism in the US and encourage those wanting to pull all US troops out of Nato.

Although he did not specifically link the Gatt talks and the Nato debate, a series of top US politicians and defence specialists did, in a debate on the future of the Atlantic alliance at the annual Munich Security Conference, which brings together defence experts from Nato countries.

The barrage of US warnings, and pleas for Europe to make concessions so that the US can maintain its commitment to Nato, was met with concern and exasperation on the EC side.

For the US side, Senator Richard Lugard, in particular, warned of the looming dangers of a transatlantic conflict with far wider security implications.

"We are headed towards a precipice, and the Europeans don't see it, or if they do, they don't really care," he said. "It is a potential tragedy in the making, which really needs to be avoided."

Senator Bill Cohen, another leading defence expert, warned that Congress was likely to go well beyond the troop cuts in Europe proposed by President George Bush.

Instead of agreeing to leave 150,000 men, Congress was looking at figures of 100,000 or even 75,000, he said.

"The attitude is spreading in the US that Nato is no longer necessary or affordable," Sen Cohen said. "Few are willing to pay for what they perceive to be another's security."

Senator Lugard said that the compromise proposals for a deal in the Uruguay round of Gatt negotiations, drafted by Mr Arthur Dunkel, the GATT secretary-general, "have not found favour with almost any lobby in Congress." As for the European Community, it had "found even less favour with the agriculture section, and we find a growing gap. It is further away from the US than ever.

"That is very disturbing. It clearly will undermine all that we are talking about in terms of the US and Nato. The US will become preoccupied with domestic issues...if we are rebuffed too often in terms of international trade issues."

Mr Quayle launched into the debate with a lengthy departure from his prepared speech, to urge the critical importance of the Gatt negotiations.

"This is absolutely critical," he said. "It is critical to the security of Europe, to the security of the US, and to the security of Asia.

"We have got to continue this Uruguay round, and finalise it. If we don't, we have got the Cold War behind us...and yet we have no comprensive understanding of how we are going to conduct trade relations, other than to respond in our own countries with the lowest political denominator. That means more subsidies, more spending, more fiscal irresponsibility."

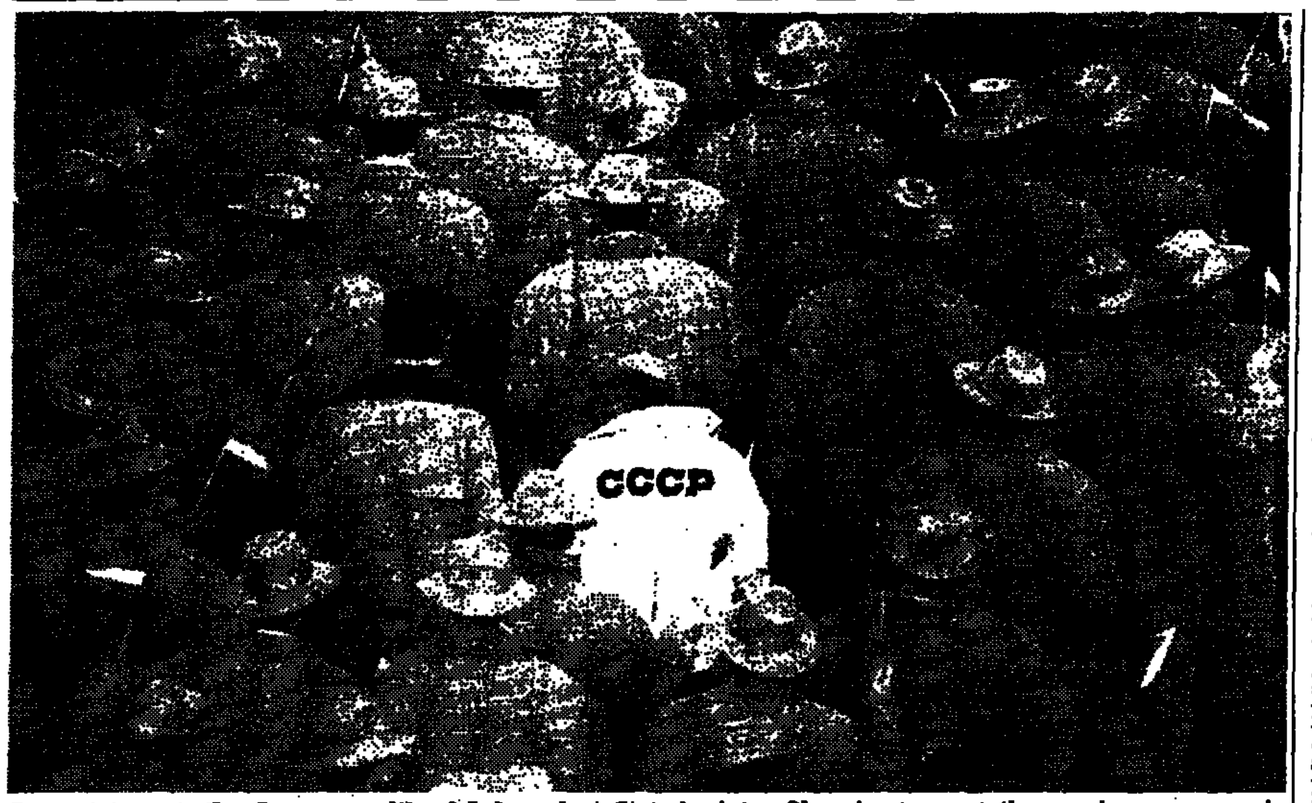
While he insisted that talk of protectionism in the US was exaggerated, he admitted that "perhaps protectionism may be advantageous in some electoral districts."

He said Mr Bush would not use the issue in his campaigning for president.

"Isolationism and protectionism are dead end streets," he said. But he closed with a clear linkage of the issues: "Effective national and international security does have to have co-ordination between political, military and economic security."

Continued on Page 12

Space-based defences find favour, Page 2
Editorial comment, Page 12
Quayle interview, Back page, Section II



Lone statement: the Commonwealth of Independent States' winter Olympics team at the opening ceremony in *Albertville, France. Later Patrick Ortlieb headed Austria's five-medal strike by winning the downhill ski-ing*

Ex-Soviets agree to repay debt singly

by John Lloyd in Moscow

THE HEADS of government of the Commonwealth of Independent States failed over the weekend to resolve any of the urgent economic and military issues which increasingly divide them – agreeing instead to loosen their trade links further, to go their separate ways on foreign debt repayment, and to postpone the vital issues again to a heads of state meeting in Minsk on Friday.

Ukraine, whose embattled prime minister, Mr Vitold Fokin, did not attend the meeting because he had to ward off a motion of no confidence against him in the Ukrainian parliament, said that it would itself repay the estimated 16.37 per cent of the Soviet debt reckoned to be owed by it to foreign creditors.

Mr Yegor Gaidar, the Russian deputy prime minister in charge of the economy, said at the weekend that Russia "would not oppose" such a course. However, there is as yet no agreement from the Group of Seven leading industrialised nations which established a solemn agreement last year with the former Soviet states – including Ukraine – that they would be "jointly and severally" responsible for debt repayment.

It now seems likely that Russia will take over debt repayment for all the CIS states excluding Ukraine, but including Georgia – which is not yet a member but whose new prime minister, Mr Tengiz Sigua, absented himself from Tblisi in order to attend the Saturday meeting.

Moldovan radio said on Friday that the republic could not pay back its share of the debt and was prepared to give up all claims on Soviet property if Russia would take over its share. Russian President Boris Yeltsin, speaking to reporters on his return from France on Friday night, said that the position was "realistic" and said Russia would do the same for any other republic.

At the same time, the states appear to have agreed to a Russian proposal to move inter-state trading to "world prices" – but, according to Mr Gaidar, at a rouble exchange rate considerably stronger than the present rate fixed by the Russian Central Bank of Rbs110 to the dollar.

The rate suggested is between Rbs20 to Rbs30 to the dollar – or precisely in the range at which Mr Gaidar has said he wished the rouble to stabilise. In effect, this establishes a new rate for Russia's exports, many of which go to

Continued on page 12

Red flags fly, Page 2

UK to put brake on single market

By Ralph Atkins in London and **Andrew Hill** in Brussels

THE UK government plans to put a brake on new single market legislation when it takes over the European Community presidency in July – probably jeopardising a proposed directive on opening up EC securities markets.

Ministers have decided that if the Conservatives win the general election, the government's emphasis will be on reforming and implementing existing measures for the single market.

Mr John Redwood, the corporate affairs minister, is risking infuriating the UK's European partners by saying he would rather have no agreement on the proposed Investment Services Directive than a measure with which he disagrees.

Mr Redwood represents the UK on the EC's internal market council and meetings of finance ministers when they discuss the directive.

The Investment Services Directive is seen within the European Commission as an integral part of the single market, which begins at the close of the UK presidency on January 1, 1993.

Mr Redwood says he wants to change the "culture" of the internal market council. "Too many people have seen the single market as a legislative programme whereas I see it as

Continued on Page 12

Money, mark two, Page 10

Air France bans part of A320's landing system

By Daniel Green and Alice Rawsthorn

THE RELIABILITY of the technology on board the Airbus A320 was thrown into doubt for the second time in a month yesterday when Air France told its pilots not to use part of the aircraft's navigational system.

Airbus yesterday acknowledged that one instrument was behaving erratically. The company is conducting tests to find the cause.

Both Air France and Air Inter, its subsidiary which flies on domestic routes, imposed indefinite bans on landing their combined fleet of 46 A320s using the VOR-DME navigational system. This followed an incident last Wednesday when an Air Inter pilot reported a malfunction on a flight from Lyons to Bordeaux.

The ban comes only a few weeks after 87 people died after an Air Inter A320 crashed into Mont Saint-Odile near Strasbourg when trying to land using the VOR-DME system.

Airbus said yesterday that the two incidents were unrelated: at Strasbourg the aircraft was at the wrong height while at Bordeaux is was off course.

However, Airbus conceded that Lufthansa, the German carrier, had quietly imposed a similar ban on VOR-DME on A320s late last year after noting the erratic behaviour of the same system.

"We have advised the airlines of this occasional misfunctioning of one instrument," said Airbus.

Modern aircraft, including the A320, are also fitted with the superior Independent Landing System (ILS), although not all airports can handle ILS-guided aircraft. British Airways, which has 10 A320s, said that its pilots almost always used ILS and would not be issuing any advice on VOR-DME.

The UK Civil Aviation Authority took a similar line to BA, saying: "We would expect to have been informed by the French authorities if it were especially urgent".

The French ban could prevent A320s landing at airports without ILS if fog or low cloud prevented a manual approach.

VOR-DME (VHF omni range distance measuring equipment) is used in many types of aircraft, although Air France has banned its use only on the A320. The system works by picking up signals from a network of radio beacons on the ground.

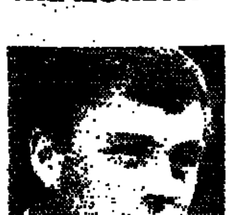
Airbus said the VOR-DME equipment on the affected aircraft was supplied by two US manufacturers, Bendix and Collins Government Avionics.

The incident that triggered the French ban occurred last Wednesday when an Air Inter pilot noticed that the instruments showed he was in line with Bordeaux runway while the view from the cockpit showed this not to be so.

Air Inter said this was the first time one of its pilots had noticed such a discrepancy.

CONTENTS

THE MONDAY INTERVIEW



US vice-president Dan Quayle (left) is due to arrive in London today for the last stop on a seven-day *European* tour. He has not always had a good press but is enjoying a political rehabilitation which he is determined will continue in *election year.* **Page 28**

FORTHCOMING FT SURVEYS

Vehicle Fleet Management

Plenty of choice for the company buyer.
See details, right.

■ FEBRUARY 17:

Philippines: belated reforms *aim to counter economic drift.*

Portable Computers: how technology is changing *attitudes towards computing.*

■ FEBRUARY 18:

Tyne and Wear: a resilient *response to the recession.*

■ FEBRUARY 19:

FT Traveller, Hong Kong: our *guide for the business visitor.*

■ FEBRUARY 20:

Corporate Contracted Services: cost savings spur use of outside agencies.

Vehicle Fleet Management: coping with a *stretched car* and truck replacement cycle.

INTERNATIONAL NEWS

Bulgaria eases curbs on foreign investment

By Judy Dempsey

THE BULGARIAN parliament has passed a foreign investment law aimed at attracting western enterprises, which may finally be part of a much more comprehensive economic reform package.

The law, which supersedes a law implemented in 1990, abolishes restrictions on the repatriation of profits, allows western enterprises to own Bulgarian companies, and permits foreign investors to set up their own enterprises in the country.

The law also permits foreign companies to acquire a share in Bulgarian banks, or set up their own banks, subject to authorisation from the National Bank of Bulgaria.

This is likely to have a significant effect on the country's banking system, which until recently was highly centralised and politically controlled. It might also make it easier for western investors to speed up their transactions when doing business with Bulgaria.

However, the Bulgarian government, in common with some of the other countries in eastern Europe, has yet to decide how far it is willing to extend property and ownership rights to non-Bulgarian citizens.

For instance, foreigners may acquire a right of ownership in buildings, presumably for business activities, and may acquire a residential property, but only by applying to build that property. Moreover, no foreign person can acquire the right of ownership of land, agricultural or otherwise.

The slow pace of reform is due in part to the considerable influence still wielded by the former Communist party. As the Bulgarian Socialist party, it continues to hold more than 30 per cent of the seats in the parliament.

In addition, the Union of Democratic Forces, the loose coalition of parties now in government, remains divided over the pace of reform.

Despite economic problems, Bulgaria is one of the most stable countries in the Balkans, and Mr Zhelyu Zhelev, who has been elected as president for a second term, appears determined to proceed with economic reforms, and to improve relations with the country's immediate neighbours.

Romanians voted yesterday in local elections testing whether a united democratic opposition can unseat remaining Communist office-holders and boost its chances in upcoming general elections, AP reports from Bucharest.

About 40 per cent of the 16.6m registered voters had turned out by afternoon. Results were not expected until at least today.

'Agent 007 – Hitler, Goebbels, Yeltsin and Gorbachev' reads a placard at yesterday's pro-Communist rally in Moscow, attended by some 50,000

Red flags fly once more in the heart of Moscow

THE RED FLAGS flew once more in the heart of Moscow yesterday as demonstrators claiming to be carrying forward the ideas of Lenin – and, on some banners, Stalin – mounted a protest against the country's economic misery, writes John Lloyd from Moscow.

At a separate gathering of "patriotic groups" on Saturday, Mr Alexander Rutskoi, the Russian vice-president, took his opposition to the Russian government a stage further when he called its policy "economic genocide" – the exact phrasing of a number of yesterday's posters.

However, where the demonstrators were calling for a reassertion of Communist power to stop the rot, Mr Rutskoi, an air force general, said he feared such a reassertion if the course were not changed.

Both Mr Rutskoi and Mr Ruslan Khasbulatov, the parliament's chairman - who has criticised economic policy on Russian television - insisted that they supported President Boris Yeltsin. Mr Rutskoi said that he and the president had no differences, while Mr Khasbulatov said that he was "like-minded, in strategic terms".

Yesterday's neo-Communist marchers, numbering some 50,000, were led by Mr Viktor Antipov, who is the most active of a number of leaders among Russia's hardline groups.

A significant number of the placards blamed the policy on the Jews. Others called for freedom for the leaders of the failed August coup, while a number of demonstrators carried photographs of Stalin, the red banner – the banner of the former Russian Socialist Federation – the St Andrews Cross of old Russia; and the black, yellow and white imperial banner.

The militia, out in force, kept the march away from the Russian parliament – its original objective – where some 10,000 to 15,000 democrats heard speeches about the need to defend democracy and support the president.

Krajina holds out against UN peace plan

By Laura Silber in Knin

THE LEADERS of Krajina, the Serb enclave in Croatia, yesterday reaffirmed their resistance to the United Nations peace plan for Yugoslavia, in the face of increased pressure from Serbia to accept the proposals.

On the eve of a crucial session of its parliament, Mr Milan Babic, the president of the self-proclaimed Serbian Republic of Krajina, yesterday said: "A step forward has been made in the plan." But he continued to oppose a key element of the UN initiative to despatch 10,000 peacekeepers. He said Serb reservists could not be disbanded while Croatia maintained its army.

Mr Lazar Macura, Krajina's information minister, added: "The Yugoslav army no longer exists. There are many army officers who are ready to stay in Krajina, about 30,000 reservists are from the region... only the generals who are manipulated by Belgrade will leave."

At the same time, in a move directed by Serbia, a rival parliament in Glina, northern Krajina, was yesterday expected to approve the UN plan.

Mr Babic dismissed the manoeuvres by Serbia, under President Slobodan Milosevic, to marginalise the leadership in Knin, the capital of Krajina. He said: "It [Glina] is not a legitimate session. It is simply a continuation of pressure from Belgrade."

The parliament in Knin is expected to approve today the holding of a referendum on the UN plan, which could break the deadlock between Krajina and Serbia. Mr Babic said: "If the people approve the plan, I will bow to their will."

Despite Mr Babic's defiance, the inhabitants of Knin, tired of the economic deprivation brought on by the civil war, seem likely to approve the UN plan. "We want peace. Any plan that will bring us peace," said one worker.

Serbia has denounced Mr Babic as the main obstacle to peace. Serbia last month also cut off Krajina from the monetary system, when it issued new bank notes. The Yugoslav dinars currently circulating in Knin are practically worthless, valid only in Krajina.

Space-based defences find favour with western establishment

By Edward Mortimer in Munich

NOW THAT the Cold War is over, nuclear weapons have lost favour with the western defence establishment, while space-based anti-missile defences – previously backed only by hard-core Reaganites – are suddenly popular across the political spectrum on both sides of the Atlantic, after their resounding endorsement by President Boris Yeltsin last month.

That was one of the more surprising developments to emerge over the weekend at the Munich Security Conference (formerly Wehrkunde), an annual gathering of Nato's political and military top brass.

The reasoning was explained by Mr Les Aspin, chairman of the US House of Representatives defence committee.

"Previously," he said, "we didn't want to make the world safe for conventional warfare because in conventional terms the Soviets were the biggest kid on the block. Now we do, because we're the biggest kid on the block."

As a result, certain policies previously regarded as right or left-wing were now much more widely supported, Mr Aspin said.

From the right came defensive systems – both space and ground-based – as well as the idea of pre-emptive action against states that might be building a nuclear weapon with aggressive intent.

An example is the action taken by Israel against Iraq's nuclear reactor in 1981.

From the left came such ideas as a comprehensive test ban treaty, co-operative efforts to halt proliferation, the doctrine of "no first use" of nuclear weapons and a ban on the production or sale of fissile materials.

Several speakers called for a return to the Baruch Plan of 1946, when the US proposed to put all nuclear energy under international control. At the time, it was vetoed by Stalin.

The first to advocate this was Mr Alfred Dregger, a right-wing German Christian Democrat, who said that unless the US went back to the Baruch Plan there would soon be 20 countries with both nuclear and chemical weapons and "a very far-reaching carrier capability".

Even more surprisingly, Mr Dregger received qualified support from Mr Pierre Lellouche, a French defence expert and adviser to Mr Jacques Chirac, the Gaullist leader.

Northern industrialised countries, Mr Lellouche said, were already living in a "post-nuclear" world, while North-South relations were returning to a pre-nuclear age.

He believed that to deal with the threat of nuclear proliferation the North did not need a nuclear response.

"What you need is a defensive system and a non-nuclear pre-emptive capacity."

Professor Edward Teller – often described as the father of the hydrogen bomb, but also instrumental in President Reagan's strategic defence initiative – after giving an account of the original Baruch Plan made an impassioned plea for an updated version which should include an abandonment of secrecy.

LEGAL NOTICES

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of the NEW YORK AGENCY
of the
BANK OF CREDIT AND COMMERCE INTERNATIONAL, S.A.

NOTICE OF CLAIMS PROCESS AND RELATED BAR DATE FOR FILING PROOFS OF CLAIM

NOTICE IS HEREBY GIVEN THAT the Superintendent of Banks of the State of New York (the "Superintendent"), pursuant to Section 620 of the Banking Law of the State of New York (the "New York Banking Law"), has made December 9, 1991 the first date on which claims against the New York Agency (the "Agency") of the Bank of Credit and Commerce International, S.A. ("BCCI S.A."), may be filed in accordance with the process for determining and paying claims against the Agency prescribed by Article XIII of the New York Banking Law (the "Claims Process"). THE LAST DATE AND TIME WHEN PERSONS MAY FILE CLAIMS AGAINST THE AGENCY IS MARCH 27, 1992, AT 5:00 P.M., EASTERN STANDARD TIME (THE "BAR DATE"). Only claims filed on or before the Bar Date will be considered by the Superintendent in accordance with the provisions of Article XIII of the New York Banking Law.

IF YOU ARE ENTITLED TO FILE A PROOF OF CLAIM BUT FAIL TO DO SO IN THE MANNER PRESCRIBED ON OR BEFORE THE BAR DATE STATED ABOVE, YOUR CLAIM WILL BE FOREVER BARRED, YOU WILL NOT BE ENTITLED TO ANY DISTRIBUTION ON THAT CLAIM AND YOU WILL RECEIVE NO FURTHER NOTICES REGARDING YOUR CLAIM. All claims against the Agency of whatever character, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, must be presented in the Claims Process.

1. GENERAL

The Superintendent took possession of the business and property of the Agency on July 5, 1991 pursuant to Section 606 of the New York Banking Law and is currently taking steps to effect the complete liquidation of the Agency.

2. WHO MAY FILE

Any person having a claim against the Agency, or such person's duly appointed and authorized personal or legal representative, may file a Proof of Claim in respect of each claim arising out of a distinct transaction or series of transactions with the Agency, regardless of when such claim arose or the nature or type of such claim (subject to Section 3 below). Where more than one person is interested in or is making a claim, then all must complete and file a Proof of Claim together. All claimants must file a Proof of Claim in the Claims Process, even if a claim was previously made known in some other way to the Agency or to New York State Banking Department staff.

3. WHO MAY NOT FILE

A person may *not* file a Proof of Claim in respect of any of the following:

(a) a claim arising out of transactions with offices of BCCI S.A. other than the Agency or out of transactions with entities affiliated with BCCI S.A. in any other way;

(b) a claim not representing an enforceable legal obligation against the Agency if the Agency were a separate and independent legal entity; or

(c) a claim representing an amount due or other liability to another office or branch of, or wholly owned (except for a nominal number of directors' shares, if any) subsidiary of, BCCI S.A.

Persons having a claim that falls into categories (a), (b) or (c) above may need to pursue it in separate and different proceedings *not* administered by the Superintendent and should contact Brian Smouha, Commissaire, BCCI, S.A., 25 Boulevard Royal, 2449 Luxembourg, for further information.

4. PROOF OF CLAIM REQUIREMENTS; PRIORITY OF PAYMENT ASSERTIONS

A person entitled to file a claim against the Agency must complete and file a Proof of Claim in the form adopted by the Superintendent, together with all supporting documentation specified in the instructions thereto, in respect of each claim arising from a distinct transaction or series of transactions with the Agency. All persons having claims for priority of payment shall make demand in writing for priority in the place indicated in the Proof of Claim.

If this notice was received by mail, it is accompanied by a blank Proof of Claim and the instructions relating thereto. Persons receiving this notice by publication or any other means may obtain a Proof of Claim and the instructions relating thereto by writing to the New York State Banking Department, c/o BCCI S.A., 530 Fifth Avenue, Seventh Floor, New York, New York 10036. Attention: Request for Proof of Claim. Persons requiring additional Proofs of Claim must make such copies for themselves. All Proofs of Claim are required to be prepared in the English language.

5. DEADLINE FOR FILING; WHERE TO FILE

The Bar Date, the deadline for filing all Proofs of Claim, is 5:00 p.m., Eastern Standard Time, on March 27, 1992. Each Proof of Claim must be either mailed or delivered to the following address:

Salvatore Morabito
Special Deputy Superintendent
New York State Banking Department
c/o BCCI S.A.
530 Fifth Avenue
Seventh Floor
New York, New York 10036

If mailed, a Proof of Claim must be postmarked on or before March 21, 1992. If delivered, a Proof of Claim must be received by the Special Deputy Superintendent or his staff on or before the Bar Date. NO PROOF OF CLAIM IS FILED UNTIL IT IS RECEIVED BY THE SPECIAL DEPUTY SUPERINTENDENT OR HIS STAFF.

6. FURTHER INFORMATION

If you have questions about this notice, or if you desire a Proof of Claim, you may contact by telephone either Salvatore Morabito at (212) 789-8620 or Harry J. Morbongo at (212) 789-8661 during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday; or write to Mr Morabito at the address given above. ALL OTHER QUESTIONS, SUCH AS WHETHER YOU SHOULD FILE A PROOF OF CLAIM OR TAKE ANY OTHER ACTION WITH RESPECT TO YOUR CLAIM, SHOULD BE DIRECTED TO YOUR ATTORNEY.

Dated: New York, New York
December 9, 1991

CLEARY, GOTTLIEB, STEEN & HAMILTON
Attorneys for the Superintendent of
Banks of the State of New York
One Liberty Plaza
New York, New York 10006
(212) 225-2000

Green light for Dublin commuters

A rail system may soon relieve traffic congestion, writes Tim Coone

DUBLIN'S long-suffering commuters may soon find relief from the traffic that chokes the city centre at rush hours. After years of prevarication over public transport issues, a government green light is expected soon, for the construction of a I£500m (£463m) Light Rail Transit (LRT) system for the city.

Detailed proposals are being drawn up for the project to be presented to the EC Commission in the submission for the 1994-98 tranche of EC Structural Funds (ESF) for Ireland.

Ireland is anticipating a doubling of ESF payments to some I£6bn in the next tranche, and rail systems for Dublin and nationally are top priorities for funding.

Mr Dick Doyle, an economic adviser to transport minister Seamus Brennan, said: "The minister is very strongly behind the (LRT) plan. It has cross-party support and the Dublin councillors are behind it."

He said that 50-75 per cent capital funding by the EC would be required, but that the system would then be able to operate without subsidies.

Major contracts will be up for grabs for engineering works, rolling stock and even operation of the system itself. At least five different proposals have been submitted to Mr Brennan for consideration since he first made public the government's interest last year.

These include proposals from GEC in the UK, Asea Brown Boveri, the Swedish-Swiss group, Annsaldo in Italy and Aer Rianta in Ireland.

Professor Simon Perry, the Dean of Engineering at Trinity College Dublin, and the man who co-ordinates the Irish Universities Transport Studies Group (IUTSG) says that an LRT system is "ideally suited for Dublin's problems".

"It is light enough to be laid on top of existing roads, can use existing rail routes, and is less likely to have its routes blocked by car traffic than alternatives such as guided buses".

Route blockage is already a big problem for Dublin's 800 buses in the narrower of the city's Georgian streets.

Dublin's city centre, is bounded on three sides by two canals that arc around to join the River Liffey, which flows through the centre.

This boundary, known as the inner cordon, forms a rough circle with a radius of a mile-and-a-half.

Into this seven square-mile area, containing some 27 bridges, 55,000 cars stream every day, reducing traffic flows to a crawl during the rush hour.

Serious bottlenecks occur not only at the bridge crossings over the river and canals, but at most road junctions in and out of the city.

A 10-mile car trip from an outer suburb can take over an hour during peak traffic flows in the morning and afternoon. The Dublin Bus company estimates that, even with the existing bus lane system, its vehicles are slowed to average speeds of less than 3 miles per hour inside the inner cordon during rush hours. Car ownership in Ireland is increasing by some 3 per cent a year.

Most of the city's present traffic problems can be traced back to two transport studies completed more than 20 years ago: one by a Professor Miles Wright, and the other by the Dublin Corporation.

Both studies envisaged an increasing role for road-based private transport and planned four "satellite" towns to the west of Dublin to disperse housing, factories and offices and ease traffic congestion to the centre.

The centre and these new urban suburbs were to be linked together by a new 100-km network of motorways.

Professor Wright wrote at the time: "There is every sign that Irishmen, as sturdy individuals and democrats, will wish to use their cars fully."

A road-based transportation strategy, relying on the private motor car, thus became embedded in successive Dublin Corporation transport policies. Public transport was relegated to a secondary role, the only exception being the building of a commuter rail line, known as the Dart, which serves the coastal suburbs north and south of the city.

The problem, however, was that as the new western satellite towns grew up, jobs did not grow at the same pace, and most of the transport infrastructure plans remain to be implemented. The result has been that since 1967, the proportion of people using public transport to enter the city centre has fallen from 54 per cent in 1967 to only 34 per cent today.

In areas served by the Dart however, commuters still prefer to use public transport. Indeed it has been the Dart's success, run by Irish Rail, which has largely led to the government to finally consider an LRT system as a long-term solution for the capital's traffic problems.

According to Professor Perry, the first phase of a commercial LRT system could be built relatively cheaply and quickly using old abandoned railway routes. "What existed in terms of rail-based corridors are still there, mostly with the right-of-way intact, and lend themselves ideally for a modern system" he said. The first phase, linking the major southern suburbs to the city centre would cost some I£150m, he said.

Sample proposals for Dublin LRT

UK supports E Europe business

By Charles Batchelor

TWO initiatives to promote enterprise in central and eastern Europe have been announced by the British government, in the form of a business support centre in Moscow and a London conference of employment ministers from 11 former Communist states.

The first Russian support centre for small businesses will open in Moscow in September with the help of finance provided by Britain's Know How Fund, Mr Michael Howard, the employment minister, said.

In a further move to help eastern European countries develop more enterprising economies, the government has invited the employment ministers from 11 countries to a two-day conference on February 24-25 entitled Job Creation and Small Firms Development.

The conference will look at the political, cultural and practical problems of establishing an enterprise culture and promoting the growth of small firms. Among countries expected to attend are Hungary, Czechoslovakia, Poland, Russia, Ukraine, Kazakhstan and the three Baltic states.

The International Labour Organisation and the European Bank for Reconstruction and Development will also send delegates.

● Twenty managers from small and medium-sized businesses in St Petersburg arrive at Manchester Business School today at the start of a four-week management development programme. They come from businesses involved in boat building, hotel construction, fashion knitwear and computer science.

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INTERNATIONAL NEWS

Stalemate in attempts to form a new government is testing the nation's patience

Belgium languishes in political doldrums

NOTHING NEW, began the lead story on one Belgian news bulletin at the end of last week. The reporter was referring to the lack of information about last Tuesday's kidnapping of a Flemish textile magnate's grandson, but he could easily have been commenting on the Belgian political situation, writes Andrew Hill in Brussels.

Held hostage for nearly 80 days by the inconclusive result of last November's general election, Belgium is still ticking over under a caretaker prime minister – the long-serving Mr Wilfried Martens. But the patience of the king, the people and the politicians is beginning to fray.

Ten days ago Mr Melchior Wathelet, the impressive leader of the French-speaking Christian Democrats, abandoned after six weeks his attempt to form a new government. He is the second politician to fail in the task entrusted to him by the king.

Mr Wathelet warned it would be impossible to form a new government if the potential coalition partners did not change their stance.

Belgian electors registered a huge protest vote against the feuding centre-left coalition three months ago. The fear now is that a new election may have to be held, which could further splinter the political establishment and perhaps play into the hands of extreme right-wingers who benefited from the November poll.

The consequences of the stalemate are not only political: Air France and Sabena, the ailing Belgian state airline, are fretting over the delay imposed on their proposed alliance, which has been suspended since the collapse of the last government.

Perhaps the last hopes of forming a new coalition now lie with Mr Jean-Luc Dehaene, the Flemish Christian Democrat who managed to broker a deal between the parties 107 days after the country's previous election in 1988. He must report to the king on the current situation and, if there is a chance of compromise, he may be asked to form a government.

Mr Wathelet had tried to bring together the former coalition of Christian Democrats and socialists from both sides of the Flemish-French language divide.

His efforts were thwarted partly by the Flemish Christian Democrats' insistence on a government which could push through constitutional reforms.

The coalition suggested by Mr Wathelet would not have commanded a large enough majority in parliament and the Flemish liberal party refuses to ally itself with the traditional parties, which all lost seats in the last election.

But his attempt was at least imaginative: last month Mr Wathelet tried in vain to shift the debate to real issues by publishing his ideal government programme, including a citizens' charter of improvements to public services.

Mr Dehaene wants to continue with the same programme, but most Belgians doubt whether much will change even if he brings the parties together.

There is even a possibility that Belgium's protest vote will bring to power an identical coalition under an identical prime minister – nothing new.

Wilfried Martens: keeping the government ticking over

French wine output hit by spring frost

By Alice Rawsthorn in Paris

FRANCE'S wine industry suffered a drop in output of about 35 per cent last year, after three years of excellent vintages and healthy production.

The latest figures from the Finance Ministry show the volume of wine produced in France fell from 55.53m hectolitres in 1990 to 42.69m in 1991, when vineyards in regions such as Bordeaux, Medoc, St Emilion and Entre-Deux-Mers were hit by bitter frosts in the early spring.

The higher quality wines suffered the steepest falls in output. Production of *vins délimités de qualité supérieure* at the top of the market almost halved – falling from 647,359 hectolitres in 1990 to 373,497 hectolitres last year. By contrast, production of *vins de pays* was relatively stable at 11.06m hectolitres.

For any other industry such a steep fall in production would be disastrous. But the idiosyncratic nature of the wine trade means that, after three years of over-production, a 35 per cent fall in output is exactly what France's vineyards needed.

The healthy harvests of 1987, 1988 and 1989 were good news for wine buffs in that they yielded vintages of high quality. But so much wine was produced in those years that prices have fallen, thereby imposing intense pressure on the industry's profitability.

This problem of over-production has been aggravated by the economic recession in key markets, notably the US, where demand for wine has weakened leaving the French wine trade with low sales and high stocks.

The poor harvest of 1991 should, at the very least, help alleviate the stock problem.

In the meantime, French consumers are beginning to benefit from the wine industry's plight.

Although retailers are reluctant to discuss the sensitive issue of price, there is some anecdotal evidence that prices are falling.

Two St Emilion wines – Angelusse 1987 and Pavie 1987 – now sell in supermarkets for about FFr100 (£10.23) and FFr80 respectively. Both would have cost 30 to 40 per cent more six months ago.

Even prestigious wine sellers like Legrand on the Rue de la Banque in Paris are not immune. Legrand has not actually stooped to cutting prices but, it says, it has not had to raise them for the last 12 months.

Sales breakthrough for Fiat division

By Robert Graham in Rome

FIAT Ferroviaria, the rolling stock division of the Turin-based automotive group, has made a breakthrough in overseas sales of its high-speed tilting train by winning a L500bn (£232m) order from Finland. The deal was clinched despite stiff European and Japanese competition.

The order, for a total of 25 trains to be supplied over the next five years, is Fiat's first foreign sale for this type of locomotive, which will be used on inter-city routes. The tilt technology is considered particularly apt for Finland's curving track.

The electric-powered locomotive was developed in the early 1980s. The FS, Italy's state railways, has 14 in service with a further 10 on order. This order, placed last year after long delays by the cash-strapped FS, was worth L280bn.

Export success for Fiat Ferroviaria comes as the state-controlled Efim-Breda group makes important inroads in the US, with sales of rolling stock for urban mass transit systems to three big cities.

The Fiat division and GEC-Alsthom, the Anglo-French engineering group, have also signed an agreement to collaborate on railway equipment.

Surge in Danish trade surplus

DENMARK saw a record trade surplus last year, assisted by a 19.2 per cent increase in exports to Germany, writes Hilary Barnes in Copenhagen.

The trade surplus increased from DKr20.6bn (£1.85bn) in 1990 to DKr22.7bn last year. Exports rose 6 per cent to DKr228.5bn, while imports climbed 5 per cent to DKr205.8bn. Exports to Germany increased to DKr51.2bn, against imports of DKr45.5bn.

Global credit fall reversed

By Richard Waters

THE first-ever fall in the amount of credit provided by the international banking system has been reversed, according to the Bank for International Settlements.

However, the latest figures show that renewed growth in net lending by banks has been slow.

Net new lending in the third quarter of last year rose by $20bn (£11bn), following a fall of $5bn in the second quarter. But this growth amounted to just 12 per cent of the new lending in the comparable period in 1990.

With activity in the international bond markets at about the same level as in the second quarter, the total amount of new finance provided by the global financial system in the three months to last September rose to $60bn from $40bn.

Spain braces for shakeout in its steel industry

THE EUROPEAN MARKET

MARIA Angeles is everything a fine Basque lady should be; tall, proud, warm and revered. Thousands of tough Basque steelmen have sworn to protect and preserve her. For Maria Angeles is blast furnace 2A at the sprawling integrated steelworks of the Altos Hornos de Vizcaya (AHV) alongside the Rio Nervion just outside Bilbao.

If the Spanish Industry Ministry in Madrid gets its way, she is about to be shut forever.

Spain is fast approaching a steel shakeout. Its two integrated (makers and rollers of steel) producers are thought to have lost about Pta50bn (£276.24m) last year after a recovery in the steel price in 1988 and 1989 faded away.

The only two integrated producers – state-owned Ensidesa, and AHV, which is effectively state controlled – are floundering in three large, overmanned and badly co-ordinated sites in the Basque country and the principality of Asturias with little hope of economic recovery unless their steelmaking capacity is cut and restructured.

It costs AHV about $380 (£209.9) to make a ton of hot rolled steel and $350 at Ensidesa; on average their EC competitors can do this for $285 a ton. And Spain is no longer a low-wage paradise. In the last four years wages have grown at 11 per cent and 9 per cent annually at Ensidesa and AHV.

In these, probably the two most heavily unionised, regions of Spain workers have thrown themselves into a series of intermittent strikes to agitate, paradoxically, for a restructuring plan. Between 7,000 and 9,000 of the 23,000 jobs at both Ensidesa and AHV will go. The government's proposals, due out later this month, will probably cut steelmaking capacity, now at a theoretical 6m tonnes a year, by 25 per cent.

When the European steel industry first began to make big capacity cuts after the 1973 oil price shock, Spain was undergoing a tense political transition following the death of General Franco. It was only after the present socialist government came to power in 1982 that the authorities began to take steel seriously.

In 1984 the government closed down the Altos Hornos de Mediterraneo integrated works outside Valencia, shed jobs at Ensidesa and AHV and pumped $900m into a new steel shop at Ensidesa's works at Aviles in Asturias. It is now Europe's most efficient. In all, the restructuring cost $5bn.

But steel's sad story has caught up with Madrid again.

Spain has not been able to subsidise steel shrinkage and losses the way the European Commission allowed UK, German and French producers to do in the 1970s. By the time it joined the EC in 1986, tougher regulation was in place and price floors had been abolished. Even worse, the sharp decline in flat product prices in Europe in the last two years has been heightened in Spain by the quick abolition of import tariffs required by the EC.

The Industry Ministry has already made a first move to merge Ensidesa, which belongs to the state holding company INI and AHV which, although a private sector company, has had to be rescued so often by the state that the official industrial credit bank now owns about Pta50bn worth of convertible bonds – and thus a majority shareholding – in it.

Last year the Integrated Steel Corporation was created and this year the chairman of it and Ensidesa, Mr Jose Manuel Garcia Hermoso, will probably take over at AHV as well. A long-serving state sector corporate doctor, Mr Garcia Hermoso is the mastermind behind the restructuring plans about to be presented.

These are likely to include the scrapping of AHV's three blast furnaces in Bilbao and the four old furnaces Ensidesa has at Aviles, leaving just two at the Ensidesa plant at the nearby port of Gijon functioning.

Basque workers are opposing plans to scrap furnaces, writes Peter Bruce

Although the Aviles steel shop would then become the star of the newly merged company, managers at Ensidesa say it could easily be fed with pig iron (raw material made in blast furnaces) from Gijon.

The problem then would be the AHV works at Bilbao. The Basque country is politically volatile and it would be asking too much of any government in Madrid to stop making steel there.

Madrid thinks it can get around this by shutting one AHV furnace quickly and allowing Maria Angeles a few more years of life while the ISC builds what will, for Europe, be a revolutionary new mini-mill.

Mini-mills make steel by melting scrap in normally small electric arc furnaces, avoiding the heavy and expensive process of making pig iron. But Nucor, the maverick anti-union mini-mill producer in the US, has pioneered – with European technology – a giant mini mill in which steel is poured into continuous casting machines and, from there, straight on to a hot strip mill without having to make slabs first. The energy savings are immense.

Madrid is considering building such a mill in Bilbao to produce 800,000 tons a year. That, however, would only promise profitability if the unions accepted adequate job losses. They will only do that in the Basque country and Asturias if the government is able to guarantee sufficient new infrastructural investment in the north to attract new industries.

Thus Madrid's partly successful efforts at last December's EC summit in Maastricht to force the creation of a Community cohesion fund – to channel development funds to poorer EC members who prove they are meeting disciplined EC economic targets – are crucial. Without the funds, the communications infrastructure required to lock the mountainous north into the rest of the country and Europe cannot be put in place. Maria Angeles and her admirers would then be condemned to a less dignified end than is about to be tabled.

INTERNATIONAL NEWS

Shamir faces challenge for Likud leadership

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, faces an important pre-election test of strength within his own Likud Party next week following the weekend decision by Mr David Levy, the populist foreign minister, to run against him for the party leadership.

Mr Levy, whose more conciliatory approach to the Middle East peace talks has deepened a long-running rivalry with the hardline prime minister, represents the less privileged Sephardi, or Oriental, Jews within the Likud who have recently criticised Mr Shamir for not doing enough to combat economic hardship.

Mr Shamir is expected comfortably to defeat both Mr Levy and Mr Ariel Sharon, the housing minister "hawk" who declared some weeks ago, when the leadership vote is held at a meeting of the Likud's 3,000-strong central committee on February 20. The committee will prepare for the general election on June 23.

But the three-way race will test the support within the party for the 76-year-old prime minister's controversial leadership and provide a pointer to who may succeed him when he eventually steps down.

The day before the Likud vote, the main opposition Labour party, struggling to close a five-point Likud opinion poll lead, will ballot its members on a challenge to the leadership of former prime minister Mr Shimon Peres. Mr Yitzhak Rabin, himself a former premier and defence minister, stands a good chance of unseating Mr Peres in what has been an acrimonious battle between them.

The respective leadership contests have provided the early domestic focus of the election campaign in which the main issues will be the economy, staggering under the weight of mass immigration from the former Soviet Union, and Israel's stance in the peace talks.

The two issues have already come together in Israel's request for $10bn in loan guarantees from the US to help finance immigration. Washington is refusing to grant the assistance without securing a halt to new building of Jewish settlements in the occupied territories.

At a meeting in Washington on Friday, Mr Zalman Shoval, the Israeli ambassador, failed to reach agreement on the issue with Mr James Baker, the US secretary of state. They will hold more talks. Meanwhile, a joint US-Israeli committee is to be formed to agree economic terms for the loan guarantees. The US is pressing for accelerated reforms in the still state-heavy Israeli economy.

Mr Shamir wants to be able to tell the electorate he won the loan guarantees without making a humiliating retreat on his commitment to expand the settlements. Labour, by contrast, would freeze settlements to secure the aid and help secure a peace agreement with the Palestinians.

Mr Levy's stance is much tougher than Labour's. But his body of supporters within Likud, many in peripheral "development" towns where unemployment is 10 per cent or more, tend to be more concerned about economic difficulties than the ideological issue of settlements in the West Bank and Gaza Strip.

An immigrant from Morocco in the early 1960s who made his way from the construction site to the cabinet, Mr Levy's background could hardly have less in common with that of Polish-born Mr Shamir, a flinty Ashkenazi, or European, Jew.

He was goaded into running by the decision of Mr Moshe Arens, the defence minister, to challenge his number two position in the party. Mr Shamir and Mr Arens, who are allies, apparently hope a decisive defeat will undermine Mr Levy's future leadership aspirations.

Mr Levy has cast himself as a champion of the peace process within Mr Shamir's cabinet, urging a spirit of compromise on his colleagues. But the balance of power within the Likud central committee remains weighted in favour of Mr Shamir.

Venezuela leader stays firm under fire

By Joe Mann in Caracas

VENEZUELA'S President Carlos Andres Perez has vowed to press on with unpopular economic reforms despite last week's frustrated uprising by dissident army units.

However, in his first press conference since the coup attempt, Mr Perez said he was bringing forward a $4bn social welfare "mega-project".

Mr Perez admitted that economic benefits from the reforms had "not trickled down, way down".

His government had, nevertheless, done more to protect the lower classes through social programmes than any other Latin American nation undergoing similar reforms. The shock, however, had been hardest for Venezuelans accustomed to the easy wealth of the 1970s oil boom.

Mr Perez sought to justify heavy press censorship imposed since last week, saying the country was still in a "difficult period" in terms of public order. The media should not "make a star out of a felon", he said, referring to Lt Col Hugo Chavez Frias, the leader of the revolt.

While censorship is legal under emergency powers assumed by the government, it has not been seen in Venezuela on this scale for three decades.

Meanwhile the government said that most of the 1,000 enlisted men detained for involvement in the uprising had been sent back to their units. More than 130 officers are still under arrest.

Retired General Jacobo Yepez Daza, head of the Association of Retired Armed Forces Officers, was arrested after his group published an advertisement which indirectly supported the uprising. Many retired officers are said to be highly critical of President Perez.

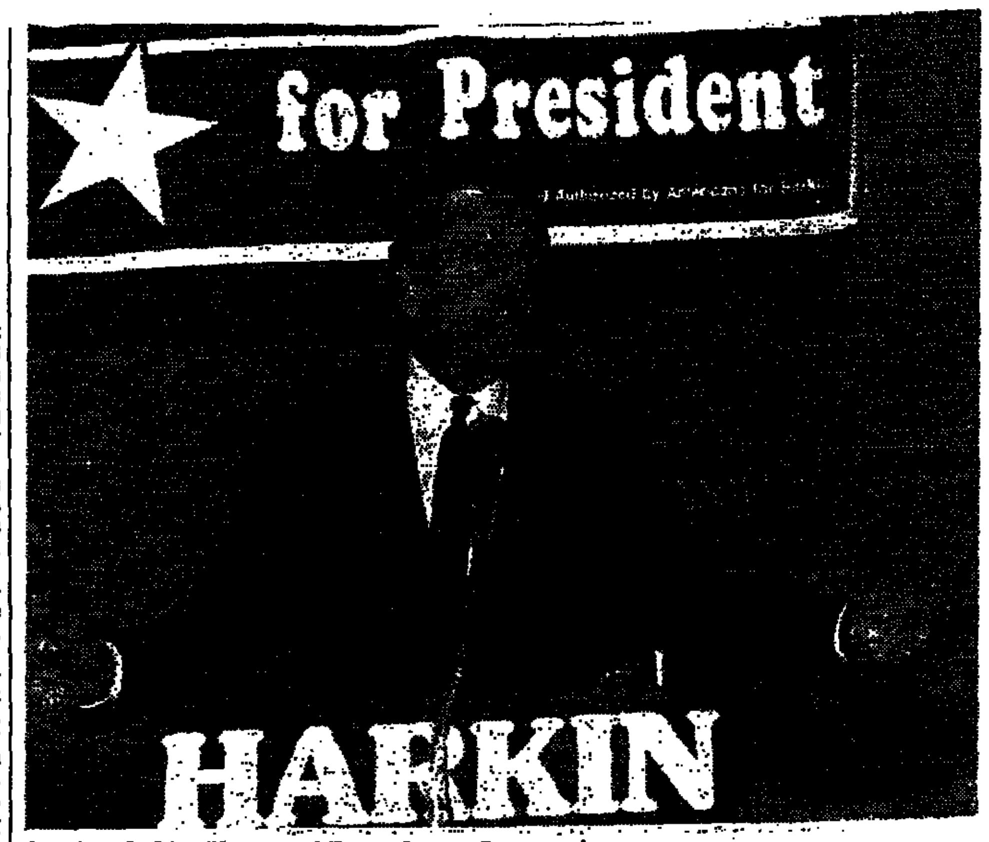
Hong Kong sees 3.6% growth rate

Hong Kong's economy grew 3.6 per cent in the third quarter of 1991 compared with the same period in 1990, the colony's statistics office said yesterday, writes Simon Holberton in Hong Kong.

Economists expect Hong Kong to achieve a growth rate of more than 4 per cent for the year.

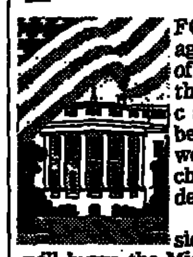
Strong growth in both private consumption, investment and trade saw gross domestic product rise by 7 per cent in the three months to the end of September compared with the April-June period.

The figures disclosed a moderation in the growth of the GDP deflator, the best measure of domestic inflation, to 9.8 per cent in the third quarter, from 10.2 per cent in the second quarter.



Senator Harkin: The rest of the pack gave Iowa a miss

No early campaign pointers from Iowa



FOUR years ago, the people of Iowa went to their precinct caucuses believing they were helping to choose a president.

Tonight, considerably fewer will brave the Midwest winter. And the nation is barely interested in their opinion. The state's political activists are left to reflect on why the national media circus will be pitching its tents – and taking the quadrennial financial windfall – elsewhere.

The reason is simple. With Iowa's own Senator Tom Harkin seeking the Democratic nomination and assured of victory in the state by a considerable margin, none of the other Democrats felt campaigning here was cost-effective.

When Mr Kerrey conceded Iowa to Senator Harkin last October, saying he intended to concentrate his scarce campaign resources on next week's New Hampshire primary, it signalled the deathknell of Iowa as a "kingmaker" state, undermining its previously key position as the first test of popular opinion.

Iowa, an agricultural state in the very heart of the Great Plains, has a long record of contrary politics. Its influence on the nomination process has again and again helped give the Democrats, in particular, presidential candidates who were far more dovish and interventionist than mainstream America.

Republican nominations have traditionally been more influenced by conservative and anti-tax New Hampshire – which in the 80s, at least, has given the party a candidate more in tune with the country at large.

Had Iowa been a factor in this year's election, voters would have heard a lot more about aid to the Soviet Union – which would benefit the state's grain farmers – and probably less about the recession, which has left Iowa's farm economy relatively unscathed while it has battered New Hampshire.

With the main contenders

By Stephen McGookin

giving Iowa a miss, it will now fall to New Hampshire to make the running.

Ever since former President Jimmy Carter used Iowa to launch his "guerrilla campaign" for the Democratic nomination in 1976, the state's highly unrepresentative influence had been artificially created by the national media in their haste to fire the starting gun on the campaign and establish an early "pecking order" among candidates.

The "grassroots appeal" tactic had also been employed by Mr George McGovern's campaign in 1972, and – less successfully – by the anti-Vietnam war supporters of Mr Eugene McCarthy in 1968, but it was Mr Carter, in spite of coming second in the poll to an "uncommitted" grouping of delegates, who used the media to capitalise on his unexpected performance.

The contest had become all about exceeding expectations, often with campaign staffs deliberately underplaying a candidate's optimism for fear of underperforming. In effect, anything less than a landslide for Senator Harkin tonight would be considered a failure.

Iowa Democratic chairman Mr John Roehrick and other party officials had expressed fears last year that a "favourite son" candidacy by Mr Harkin might discourage other Democrats from participating, particularly given difficulties in fund-raising and the seemingly unshakable incumbency of George Bush in the wake of the Gulf war.

And so it has proved. The only reason for a candidate to take an active part in Iowa's pre-nomination contest is to gain national media exposure and, by performing well, generate momentum which can be translated into recruiting and fund-raising elsewhere in the country.

In 1988, the caucus "winners" in delegate terms were Republican Senator Bob Dole and Democrat Mr Richard Gephardt, both from neighbouring farming states. Just as with Mr Carter in 1976, however, the *perceived* winners, in terms of exposure and, importantly, credibility, were the two preachers; Rev Jesse Jackson and former television evangelist Mr Pat Robertson, who beat the then Vice-President Bush into third place in the Republican poll.

By abandoning the contest, the candidates have removed the need for the media – and the country – to take any regard of tomorrow's outcome.

The legacy of the Iowa caucuses will be that they provided an early kick-start to some campaigns that were otherwise dead (Gary Hart), and killed off some others which probably deserved a wider audience (Bruce Babbitt).

Bush hint of action against Saddam

By George Graham in Washington

THE US is seeking ways of stepping up pressure on Iraqi President Saddam Hussein.

President Bush is reported to have signed a "finding" notifying Congress of his decision to authorise covert action against President Saddam, and the administration is also examining how to stiffen the economic blockade imposed on Iraq by the United Nations.

Meanwhile, Mr Robert Gates, director of the Central Intelligence Agency, is touring the Middle East on a trip the White House says is "normal".

Mr Bush declined to comment at the weekend on efforts to oust the Iraqi ruler. "I've said I'd like to see him out of there. I'll just leave it right there," he said.

Mr Samuel Skinner, the White House chief of staff, said yesterday that Mr Saddam was already under considerable pressure, and would inevitably lose power eventually.

"We're not talking about military operations here, we're talking about increasing the economic pressure on him."

The flurry of anti-Saddam activity has, however, aroused scepticism that it is motivated by Mr Bush's embarrassment that the Iraqi president is still in power, a year after the Gulf war and on the eve of the first primaries.

The assiduous leaking of the presidential finding, which should normally remain top secret, is viewed as indicating that the administration is more concerned with gestures than with deeds.

Court may plug bank insurance sales loophole

By George Graham in Washington

A FEDERAL appeals court ruling has threatened to block a loophole that allowed many US banks to sell insurance policies.

The loophole allowed nationally chartered banks to sell insurance in towns with fewer than 5,000 inhabitants. A 1986 decision by the Comptroller of the Currency, who supervises these banks, allowed them to expand insurance sales from their small town branches to other markets.

This extension, as well as a number of other regulatory measures which have gradually opened up the insurance field to banks, has been hotly contested by insurance agents, who have brought a series of lawsuits contesting the Comptroller's interpretation.

The appeals court decision not only overrules this interpretation, however; it says that the entire clause was in fact erased from law in 1918 by a congressional drafting error.

Islamic party HQ closed as Algeria's rulers crack down

By Francis Ghiles

ALGERIA'S ruling High Security Council closed down the headquarters of the Islamic Salvation Front (FIS) yesterday, after violence in the wake of last Friday's prayers across the country claimed the lives of at least 40 people.

The number of wounded is conservatively estimated at 300 though the military authorities have not made public any estimates of the number of people killed or wounded over the past two weeks. At least 400 people have been arrested.

The police also closed down the Uma mosque, opposite the party headquarters. Among those arrested there are two members of the ruling council of the FIS.

Mr Mohamed Boudiaf, president of the five member presidency or Council of State, called in party leaders, except those of the FIS who are in prison, for talks yesterday, prompting speculation in Algiers that a state of emergency or the banning of the FIS might be announced.

FIS supporters have been protesting against suspension of last month's elections which they were poised to win. The

Arrested: FIS ruling council member Abdelkadar Moghni

FIS called on Algerians to pursue "their rights" and pursue "jihad" (holy war) against the authorities.

The party, in a statement signed by Mr Abderazak Rajam, a party leader who is being hunted by the police, said that the crisis would "continue as long as the junta in power perseveres in its policy of arrogance and repression of its political adversaries."

Trouble continued in certain of the FIS strongholds in Algiers such as Kouba, Badjarah and Hussein Dey throughout the weekend with barricades erected after Friday prayers apparently still in place. Trouble was also reported yesterday in Medea, due south of Algiers and in the capital of the eastern province, Constantine.

AP adds from Algiers: Mr Boudiaf, emerging from the briefing of political leaders, refused to specify whether imminent new measures to halt the violence would include a state of emergency.

Political leaders told state radio after the briefing that Mr Boudiaf said new security measures already had been approved by the five-man state committee and would be made public soon. They said Mr Boudiaf did not give details.

● There was confusion last night as to whether Mr Tedjini Haddam, who is rector of the Paris mosque, had resigned his position as a member of the Council. Leading members of France's Moslem community and some members of the French government feel that the two posts are incompatible.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	UNITED STATES Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	JAPAN Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	9.2	9.1	8.00	10.62	n.a.	5.0	8.4	6.62	6.34	n.a.
1986	12.3	8.3	6.49	7.68	3.43	6.9	8.7	5.12	4.94	0.84
1987	11.6	6.5	6.82	8.38	3.12	10.5	10.4	4.15	4.21	0.55
1988	4.3	5.4	7.65	8.84	3.61	8.4	11.2	4.42	4.27	0.54
1989	0.9	3.8	8.99	8.49	3.43	4.1	9.9	5.31	5.11	0.48
1990	3.7	5.2	8.06	8.55	3.60	2.6	11.7	7.62	7.27	0.65
1991	5.9	2.9	5.87	7.85	3.21	5.2	3.6	7.21	6.37	0.75
1st qtr.1991	4.4	3.1	6.69	8.01	3.48	2.4	6.0	7.96	6.54	0.75
2nd qtr.1991	5.2	3.3	6.03	8.12	3.18	3.3	3.7	7.70	6.71	0.71
3rd qtr.1991	6.0	2.6	5.79	7.95	3.10	6.6	2.8	7.11	6.41	0.76
4th qtr.1991	7.9	2.7	5.00	7.32	3.09	8.5	2.2	6.11	5.88	0.76
February 1991	4.4	3.1	6.50	7.84	3.37	1.0	5.5	7.89	6.39	0.74
March	4.8	3.2	6.40	8.10	3.25	1.2	5.1	7.91	6.63	0.70
April	4.3	3.2	6.08	8.03	3.17	0.3	3.8	7.75	6.69	0.70
May	5.5	3.5	5.92	8.07	3.20	3.2	3.6	7.72	6.64	0.71
June	5.8	3.3	6.10	8.27	3.17	6.6	3.7	7.63	6.80	0.72
July	6.0	2.9	6.05	8.28	3.14	6.1	3.4	7.45	6.75	0.75
August	6.1	2.5	5.72	7.91	3.07	7.2	2.7	7.21	6.39	0.77
September	5.9	2.2	5.56	7.86	3.08	8.4	2.2	6.64	6.09	0.76
October	7.1	2.4	5.34	7.51	3.09	7.5	2.1	6.30	5.97	0.73
November	8.1	2.8	5.00	7.39	3.10	9.3	2.4	6.09	5.98	0.76
December	8.6	2.9	4.67	7.07	3.08	8.6	1.9	5.94	5.72	0.81
January 1992			4.09	7.01	2.87			5.15	5.45	0.83

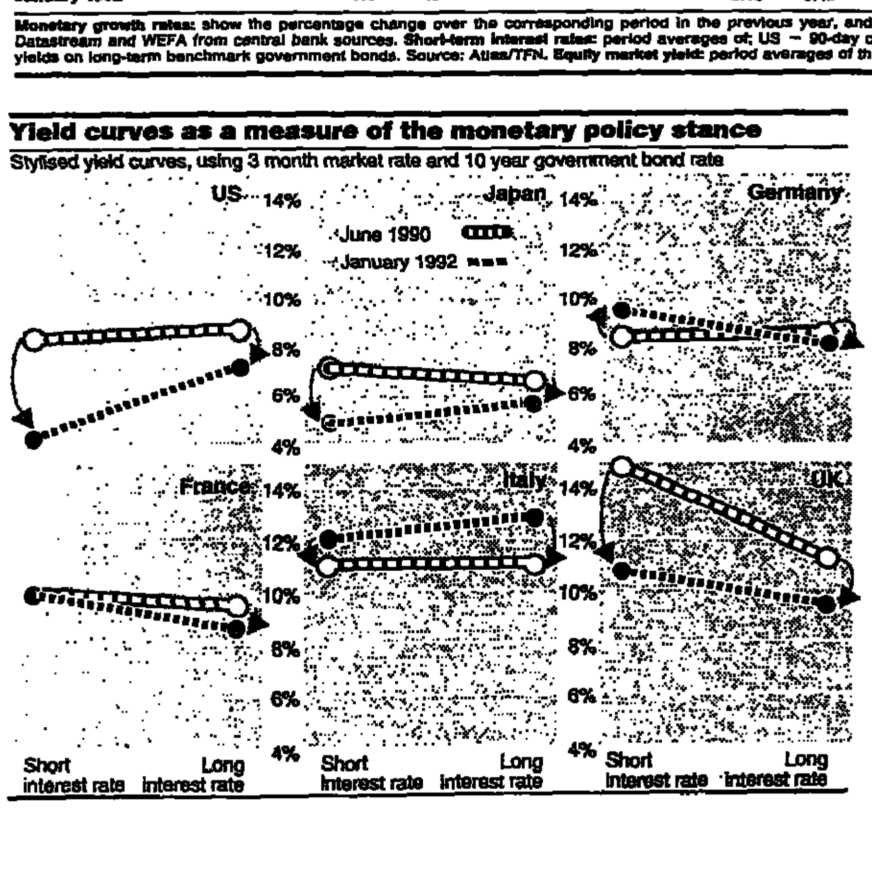
	GERMANY Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	FRANCE Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	4.4	5.1	5.45	7.09	n.a.	6.2	7.4	10.03	11.74	n.a.
1986	9.9	8.3	4.63	6.19	1.79	6.9	6.8	7.79	8.74	2.65
1987	9.0	7.3	4.03	6.93	2.21	4.1	10.0	8.26	9.59	2.75
1988	9.8	6.4	4.33	6.58	2.61	3.8	8.4	7.94	9.02	3.69
1989	6.3	5.7	7.12	7.02	2.22	8.1	9.6	9.39	8.79	2.88
1990	4.5	4.5	8.49	8.63	2.11	3.8	9.1	10.32	9.87	3.19
1991	5.2	5.6	9.25	8.36	2.38			9.62	9.03	3.58
1st qtr.1991	6.3	5.4	9.17	8.43	2.51	0.5	7.9	9.65	9.30	3.64
2nd qtr.1991	5.0	5.6	9.11	8.28	2.25	−0.2	6.5	9.43	8.96	3.48
3rd qtr.1991	5.2	5.8	9.24	8.43	2.31	−2.2	5.9	9.54	9.04	3.60
4th qtr.1991	4.3	5.6	9.47	8.29	2.45			9.66	8.80	3.61
February 1991	5.6	5.4	9.08	8.25	2.45	1.5	8.0	9.79	9.11	3.62
March	6.6	5.7	9.09	8.28	2.38	0.5	7.9	9.43	9.04	3.36
April	4.5	5.5	9.18	8.20	2.30	2.3	7.9	9.34	8.86	3.46
May	5.3	5.7	9.08	8.30	2.25	1.2	7.2	9.24	8.86	3.44
June	5.1	5.4	9.06	8.35	2.18	−0.2	6.5	9.72	9.11	3.53
July	5.8	5.8	9.15	8.57	2.29	−0.5	6.6	9.59	9.15	3.69
August	4.8	5.9	9.31	8.41	2.32	2.7	7.0	9.59	9.09	3.62
September	5.1	5.6	9.27	8.30	2.31	−2.2	5.9	9.43	8.86	3.47
October	4.9	5.3	9.38	8.31	2.41	−3.0	4.7	9.32	8.79	3.50
November	4.1	5.4	9.43	8.32	2.42	0.7	5.2	9.56	8.82	3.58
December	3.8	6.0	9.61	8.24	2.52			10.10	8.81	3.77
January 1992			9.54	7.97	2.39			9.99	8.46	3.49

	ITALY Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	UNITED KINGDOM Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	13.7	14.0	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	10.4	9.0	13.25	11.47	1.41	4.0	15.3	11.02	9.97	4.35
1987	10.5	11.0	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60
1988	7.5	8.1	11.24	10.54	2.71	6.8	17.0	10.41	9.69	4.48
1989	8.1	10.1	12.41	11.61	2.46	5.9	17.6	13.96	10.30	4.36
1990	9.0	9.6	11.98	11.87	2.84	5.4	16.2	14.82	11.65	5.07
1991			11.83	12.63	3.45	2.3	8.2	11.58	10.08	4.97
1st qtr.1991	7.6	9.1	12.37	11.86	3.69	2.9	10.6	13.30	10.30	5.22
2nd qtr.1991	7.7	9.5	11.51	12.87	3.21	1.7	8.9	11.84	10.34	4.84
3rd qtr.1991	8.0	11.2	11.60	12.86	3.31	2.1	7.1	10.82	9.98	4.80
4th qtr.1991			11.84	12.92	3.59	2.8	6.1	10.61	9.73	5.03
February 1991	7.5	9.2	12.45	11.90	3.64	2.7	10.8	13.32	10.12	5.19
March	8.6	9.7	12.17	11.64	3.43	2.5	9.8	12.49	10.25	4.82
April	6.6	8.5	11.74	13.07	3.36	1.5	9.7	12.02	10.17	4.74
May	8.0	9.8	11.39	12.82	3.24	1.6	9.3	11.59	10.32	4.85
June	8.5	10.3	11.40	12.72	3.02	1.9	7.8	11.30	10.53	4.98
July	7.4	10.6	11.54	12.90	3.24	2.2	7.7	11.14	10.28	4.91
August	7.9	11.3	11.69	13.04	3.31	1.6	7.2	10.94	10.01	4.76
September	8.7	11.7	11.56	12.85	3.39	2.4	6.5	10.37	9.66	4.73
October	8.6	12.6	11.40	12.83	3.51	2.6	6.4	10.45	9.72	4.83
November	10.2	12.6	11.66	12.92	3.58	2.9	5.6	10.54	9.77	5.00
December			12.47	13.03	3.67	2.8	6.2	10.84	9.70	5.25
January 1992			11.97	12.73	3.37			10.71	9.53	5.00

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Short-term interest rates: period averages of; US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-Lira, UK – 3-month Libor. Source: Datastream. Long-term interest rates: period average yields on long-term benchmark government bonds. Source: Atlas/TFN. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

Yield curves as a measure of the monetary policy stance

Stylised yield curves, using 3 month market rate and 10 year government bond rate



Monetary policy obstacles to G7 growth in 1992

"THE forces that have been inhibiting economic activity in many countries are dissipating and the conditions for improved global growth exist," declared the finance ministers from the Group of Seven industrialised countries at their recent meeting. Yet this cautious optimism is not universally shared. Monetary policy has eased in the US, Japan and the UK over the past year, though not in the rest of Europe. Yet output growth is still decelerating everywhere.

Is monetary policy in the G7 laying the foundation for "non-inflationary" growth this year? No, cry those monetarist economists who judge the tightness of policy by the rate of growth of money and credit. Broad money aggregates decelerated sharply across almost every G7 country throughout 1991, as this week's table shows. Germany is the exception: broad money grew at an annual rate of 9 per cent in past three months, compared with a target of 3.5-5.5 per cent.

Yet monetary aggregates have not done a great job of predicting future changes in economic activity in the 1980s. Moreover, it is possible to find at least one reason for most countries why broad money growth rates might be distorted.

An alternative measure of the monetary policy stance is the yield curve, a line which plots the market interest rate on deposits or bonds of increasing maturity. The central bank is able to determine interest rates on short-term securities by varying the price at which it is willing to lend to the money market. But interest rates for bonds of longer maturity are also influenced by the risk that a burst of inflation will undermine the bond's nominal face value, as well as other political or default risks.

So the market's judgment over whether monetary and fiscal policy is too loose or tight to foster non-inflationary growth can be gauged by the slope of the curve. Loose policy drives up inflationary expectations and steepens the curve; tighter policy to rein in inflation flattens it again; while very tight policy pushes down inflationary expectations, thereby inverting the curve. The more inverted is the curve – the more that short rates exceed long rates – the less encouraging are short-term growth prospects.

How easy is monetary policy across the G7? The charts show stylised yield curves for the six largest industrialised countries in June 1990 and January 1992. The US chart confirms how aggressively the Federal Reserve has eased monetary policy since the recession began, though Mr Michael Boskin, the White House chief economic adviser, says it should not stop yet. In fact the US yield curve is steeper than at any time in the past twenty years. According to Mr David Morrison of Goldman Sachs, an upward sloping US yield curve has always been associated with positive year-on-year growth of gross national product within four to eight quarters – which should please Mr Bush's nervous advisers.

Similarly, if more modestly, the Japanese central bank has swung Japan's yield curve has swung from being inverted to gently upward-sloping over the past few months. Meanwhile, Germany has been going in the opposite direction: its yield curve has become progressively inverted over the past 18 months as the Bundesbank has raised rates to choke off rising inflationary pressures.

The rest of Europe remains stuck with US-style growth and German-style monetary policy. The European exchange rate mechanism has prevented France from cutting short rates, thereby inverting its yield curve; while the Italian curve is upward-sloping, despite higher short rates, because of the increased risk premium on Italian government bonds.

Nowhere is this decoupling of the economic cycle and monetary policy more stark than in Britain. The UK had a tighter squeeze than did the US in the months before its recession began, and has since suffered a deeper recession. Yet, in spite of a series of rate cuts over the past year, policy remains chokingly tight: the UK yield curve is still as inverted as that of Germany and France. What easing there has been, argues the ever-optimistic Goldman Sachs, "is probably consistent with some economic recovery this year." Little wonder, though, that the much-heralded recovery is yet to materialise.

Edward Balls

Major calls for a campaign fought on policy

By Philip Stephens, Ivo Dawnay and Ralph Atkins

MR JOHN MAJOR called yesterday for a switch in the focus of general election campaigning from the private lives of the leading protagonists to the policy divisions between their parties.

But after a weekend of clashes over alleged "smear tactics" and "dirty tricks" there was little sign of any easing of the personal acrimony which has come to dominate the campaign.

Speaking on LBC radio, Mr Major said the general election should be "a crisp campaign that deals with the policies. I hope that will be the campaign the other parties will fight".

Mr Major set out the principal themes for the the Conservative manifesto as choice, ownership, opportunity and responsibility – and indicated the government's determination to raise defence as an election issue by announcing that the government would press ahead with an order for a fourth Trident submarine.

For the Labour opposition, Mr Roy Hattersley, deputy leader, drew a stark contrast between the "ruthless individualism" of Tory polices and Labour's goal of "a kinder, gentler, more compassionate society".

He told 800 local government delegates at a Blackpool conference that the coming general election should be "a crusade" based on the party's principle of equality.

Mr Chris Patten, Conservative chairman, distanced his party from efforts by some newspapers to delve into the *personal lives of other opposition* politicians following last week's revelations by Mr Paddy Ashdown, the Liberal Democrat leader, about an *affair he had five years ago* .

Mr Patten, however, said politicians should not be too "sanctimonious" about intrusions into their private life if they used spouses and families to project a favourable image.

Mr Patten brushed off an opinion yesterday giving Labour a 4-point lead. He said that with other recent surveys giving the Conservatives an advantage it confirmed that the two parties were "neck and neck" at around 40 per cent.

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Outhwaite litigants hold talks on insurance deal

By Richard Lapper

TALKS are under way in an effort to reach an out of court settlement in the Outhwaite case, the biggest single legal action in the 300 year history of the troubled London insurance market.

Representatives of the 81 Lloyd's agents named in the suit – including RHM Outhwaite Underwriting – and the 987 Names involved in the legal action have been discussing a possible settlement for about a week.

Names are the individuals whose assets back underwriting, while agents handle their affairs and manage syndicates.

A successful outcome of the case, which opened in October, may also encourage the settlement of other legal cases in which 1,500 Names are involved. Names in the Outhwaite case claim their insurance losses of more than £200m were due to negligence by Mr Richard Outhwaite, the underwriter of syndicate 317/661, and the agents who placed Names with his syndicate.

Mr Outhwaite's losses stem from 32 reinsurance contracts, underwritten in 1982, whereby in return for a substantial premium he assumed the exposures of other insurers to US liability business.

In the 1980s claims arising from awards to asbestosis victims were greater than Mr Outhwaite expected, producing disastrous results for Names.

Bank says UK likely to fulfil Emu conditions

By Peter Norman, Economics Correspondent

The UK expects to meet the economic conditions for European economic and monetary union (Emu) by the time parliament decides whether or not to move to a single currency and monetary policy, according to the Bank of England.

In an article that will appear in its latest quarterly bulletin tomorrow, the Bank said the government and parliament will have to decide whether to move to the final third stage of Emu shortly before the end of 1996. "In the meantime, the UK authorities fully expect to meet the convergence conditions." This means that by the end of 1996:

- the UK will have had, for one year, an inflation rate of no more than 1.5 percentage points above those of the three EC member states with the best records for price stability; interest rates must also be no more than 2 percentage points higher than those in these three *states*;
- the UK's budget deficit will be either at or near 3 per cent of gross domestic product, and its ratio of debt to GDP will not exceed 60 per cent;
- Britain will have participated in the narrow band of the exchange rate mechanism of the European Monetary System for at least two years and will not have initiated a sterling devaluation.

The Bank said other factors such as the integration of markets and unit labour costs will also be considered in assessing eligibility for Emu.

The UK determination to fulfil the Emu convergence criteria will mean that whichever government is in power after the general election will have to put sterling in the narrow ERM band, which limits its fluctuation to 2.25 per cent either side of its central rate, by the end of 1994.

Providing parliament ratifies the Maastricht agreement, the UK will participate fully in the transitional second stage of Emu, due to begin on January 1 1994. The Bank noted that EC states would have to grant independence to central banks before the start of the final third stage of Emu.

Franco-German defence proposal comes under attack

MR MARTIN O'Neill, defence spokesman for the Labour Party, yesterday launched an outspoken attack on the Franco-German plan to create a combined European defence corps, warning that it could drive the US out of Nato, writes Quentin Peel in Munich.

His criticism was supported by Sir *Geoffrey Pattie, the Tory MP and former* defence minister. It also reflected a bitter attack on French attitudes to Nato by Mr Richard Perle, the former US under-secretary for defence.

The Anglo-American front against the Franco-German plan emerged at the annual Wehrkunde conference in Munich, a gathering of Nato defence analysts and officials.

Mr O'Neill dismissed fears that US trade protectionism, and the US budget deficit, were the greatest threats to Nato solidarity.

He claimed the alliance faced a greater threat from the Franco-German plan. He also accused France of having "at best, a semi-detached relationship" to Nato, and called for clarification of how the Franco-German command structure would relate to Nato command, who would have responsibility for French nuclear weapons, and whether the force was intended to have any role outside the European continent.

His intervention followed a sharp attack by Mr Perle on French attitudes *to Nato.*

Sir Geoffrey Pattie, meanwhile, warned: "Total withdrawal of the US would be a disaster for us in Europe.

"There is very little between Martin O'Neill and myself on the issue." He condemned all those - by implication mostly in Paris - who argued that it was necessary to plan now for eventual US departure from Europe.

The Anglo-American attacks brought a swift and angry response from both France and Germany.

General Klaus Naumann, the Inspec*tor-General of the Bundeswehr, said Mr* O'Neill's criticism was based on inaccurate reports about the Franco-German initiative, and the European corps was open to all who wished to participate from Western Europe.

Britain seeks watertight nuclear deterrent

David White considers the options for the Trident force planned to replace Polaris

HMS VANGUARD, first of Britain's Trident nuclear-missile submarines, is being readied for its first appearance. The day is set, but not yet made public, for it to be rolled out of VSEL's covered dock hall at Barrow-in-Furness before it is lowered into the water.

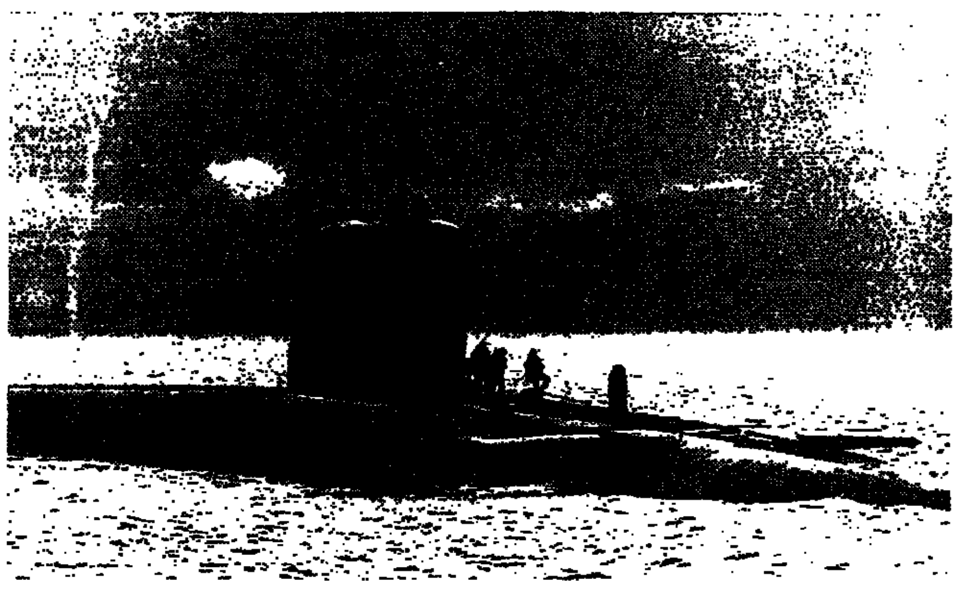
It will be the coming-out ceremony for a programme that until quite recently appeared to be receding as a political controversy. But in the last few weeks, with the US and Russia *proposing deep cuts* in their nuclear arsenals, with more jobs being cut at the VSEL yard and with an impending general election, the debate surrounding the UK's new £10bn nuclear deterrent has been revived.

For the first time, cancellation of the programme is on none of the main parties' election agenda. Somewhat ironically, Labour's shift since 1987 towards accepting Trident and backing its deployment happened just as the cold war was melting away.

The remaining argument is about the size and firepower of the Trident fleet, due to be deployed "in the mid-1990s".

The row was triggered again at the weekend when Mr John Major, the prime minister, repeated his commitment to Trident. Labour is committed to stopping the fourth Trident submarine, but there are signs that the party may drop that pledge if it wins the election, partly for the sake of jobs at Barrow in north west England.

Preliminary work on the fourth boat has been under way for some time, pending completion of contract negotiations, and £138m has been spent on it.



Submarines, such as HMS Resolution above, will remain the UK's main missile force

The four-submarine fleet is conceived with the idea that there will always be one of the nuclear-powered boats undergoing refit. A second will usually either be preparing for a refit or "working up" after one. This leaves two in the "operational cycle", but there may be only one of those actually on patrol, with the other in transit.

Maintaining the "credibility" of a UK deterrent, the argument goes, means always being in a position to use and having at least one submarine on patrol. With four new boats there will often be two on patrol and sometimes three. But with old boats it can be a struggle to keep to the minimum.

Britain's current Polaris fleet, built in the 1960s, has had difficulties. Polaris is due to continue in service until the third Trident boat goes to sea. One of the submarines, Renown, has been in refit since 1987. Another, Revenge, has had a long-overdue refit cancelled. This leaves two to soldier on.

In theory, submarines could fire their ballistic missiles without leaving the Faslane base in Scotland. But keeping an ocean patrol is central to the UK deterrent. A submarine's value is secrecy, it is immune to pre-emptive attack and will therefore always be in a position to retaliate against an aggressor. Officials say it could not perform the same role tied up in port.

Like the Polaris boats, the new submarines will carry up to 16 missiles each. These missiles, which will be collected in the US and then mated with their British warheads, are considerably more accurate than their predecessors, with a range of up to 5,000 miles and enough warheads to hit several separate targets.

The Polaris missiles carry up to three warheads, but the usual payload is thought to be two. The Trident II was designed for up to 12, but the government stuck to a maximum of eight.

Britain, however, is expected to produce far fewer than the 512 warheads which would be needed to provide full payloads for four fully-armed submarines. And further requirements may be reduced following US-Soviet disarmament.

Mr Tom King, defence secretary, has confirmed "we're not going to carry the maximum" of 128 warheads per submarine.

With concerns shifting to possible threats from countries with newly-acquired nuclear capabilities, naval officers argue that the Trident system is flexible enough to enable it to take on a "sub-strategic" missions – maintaining a nuclear deterrent without requiring a full payload of warheads.

A *sub-strategic capability* enables Britain to threaten a strong retaliation if attacked but stops short of threatening complete devastation against an aggressor.

Aside from Polaris, Britain's main nuclear weapons are ageing RAF bombs. The government plans to replace these with aircraft-launched missiles – at a cost estimated at up to £2.5bn – but has put off a decision on whether to join a French missile programme or buy a suitable US weapon. The Labour Party is against it.

The case put for an air-launched "sub-strategic" weapon is that it would would serve as a deterrent against, say, a Third World dictator. A Trident missile might have a reduced payload, but that, senior officials say, would give the same signal as one with a full payload.

Top officials at the Ministry of Defence are sticking firmly to the idea that Britain needs separate strategic and sub-strategic weapons. But inside, the debate is very much open.

A recently retired senior army officer put the issue succinctly: "Do we really now need a second ticket to Armageddon?"

Keeping bosses up to the mark

Fiona Thompson reports on the introduction of schemes in which staff assess managers

From time to time, John Ainley would turn and gaze out of his office window when listening to a colleague who had called in for a talk.

He had no idea why he did it. Similarly, he had no idea of the adverse impact his window-gazing was having. Until, that is, one of his colleagues told him.

The opportunity to make the small, but by no means insignificant, point arose as part of a radical scheme of upward appraisal – in which staff assess their managers – launched by W H Smith, the retailer, in late 1990.

It was, in fact, Ainley, who was responsible – as the company's personnel manager – for suggesting and implementing the programme. It now seems blindingly obvious to Ainley that this is an untapped source of information. Who knows the quality of a manager better than those who are managed?

Bottom-up assessment, upward feedback, upward appraisal – call it what you will – is not uncommon in the US; IBM has been applying it worldwide since the 1960s. But it is still largely untried in Britain.

W H Smith and BP Exploration have so far taken the plunge and a number of blue chip companies are actively considering similar schemes.

The prevailing attitude in many hierarchical British companies is that only bosses are entitled to assess the performance of staff. That the staff should also have informed opinions about managers seems daring. That they should be asked to make formal assessments of their bosses might appear revolutionary.

Ainley has been approached by some 500 companies about upward appraisal. "They share the fear that we had. If you're asking the staff what they think of your managers, you're asking them what they think of your company. And I think you need to be a brave company to take that decision," he said.

For Ainley, the assessments presented an obvious solution to a problem. In the light of demographic change and the need to retain experienced employees, the company wanted to reduce staff turnover. It also wanted to attract new people.

A survey of employees established that the attitude of individual managers was the most important factor determining whether staff felt W H Smith was a good place to work.

"We felt that the best way to obtain views about how a manager was performing was to ask the staff," says Ainley.

Upward assessment was initially introduced on a voluntary basis but it was soon extended to a full survey of all 400 senior managers.

From the outset, managers were keenly aware that their jobs involved making tough decisions – not calculated to make them popular. And yet they were being judged by those who felt the effects of the decisions. What is more, coming under scrutiny in a survey which was conducted anonymously presented a golden opportunity to the disaffected to air their grievances.

W H Smith devised its own survey, internally. It asked members of staff to rate 32 characteristics of their boss on the attributes of a good manager. They were also invited to place in order their choice of the top six qualities of a good manager.

"We found that the staff were very understanding of the fact that a manager's job is not just to be a nice guy all the time," said Ainley. The survey revealed positive messages about the managers' skills in decision-making and running an efficient ship.

More question marks were raised over their abilities to deal with personal relations and to motivate individuals. "It certainly has made managers consider very carefully the way in which they relate to their staff."

The company, in turn, has identified a basic need for what Ainley defines as inter-personal skills training: the ability to discuss personal difficulties, to talk openly and honestly at an early stage when performance problems arise; to make the most of individuals who might otherwise be written off – but who might instead be "turned around".

The findings of the W H Smith survey were relayed to the managers themselves, their immediate bosses and to the managing director – but not automatically to the staff who had taken part. It was left up to each manager to decide whether to follow through the survey with his or her own team, with between 40 and 50 per cent opting to do so.

Ainley reckons many more will do so when the next study is carried out. Many of those who chose to discuss the findings apparently found it a valuable, barrier-breaking exercise.

How else do you thrash out questions like the tricky business of window-gazing?

It can be a cleansing experience, says Joyce Willard, senior consultant at Forum Europe, which advises companies introducing upward appraisal schemes. Further, it could also be a hurtful one, unless well handled.

The type of exercise conducted at BP Exploration, advised by Forum, is devised to overcome that risk with a neutral "facilitator" on hand at such after-the-event meetings of the team with the manager to ensure that there is a constructive debate which does not descend into petty personal point-scoring.

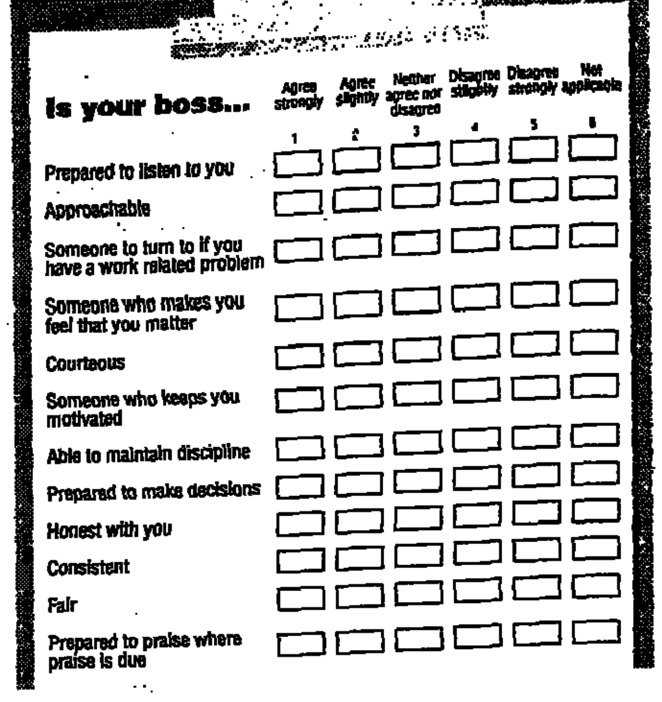
In BP Exploration's upward-feedback scheme, employees were asked to complete a confidential questionnaire seeking their views on management practices – first in general terms and then in relation to their own manager. They were asked to rate, on a scale of one to five, the importance of attributes like "being effective at initiating change" or "agreeing challenging and achievable performance goals and standards with employees". They were then asked to rate their own boss in terms of each of these aims.

The manager then received a written report, summarizing the team's responses but not making any individual identifiable. Forum recommends that the manager concerned should, in the first instance, be guided through the findings in order to gain the maximum from the information provided. The report can bring surprises of both sorts, pleasing and upsetting.

"The follow-up team meetings can become quite personal," said Willard. "For example, one of the management practice questions is 'To what extent does your manager meet regularly with staff to discuss their career objectives?' The response comes back that its very infrequent.

"The boss will say 'My god, we do it all the time. Tell me, where am I failing?' And they all start coughing up examples: 'Well, you haven't met with me for 12 months.' Or 'You asked me in the corridor the other day how I was doing with regard to such and such a plan – and I said fine, but that's not a career discussion.'

"They can become very personal because the examples will get closer and closer to reality. But that's the interesting thing. When a manager begins to hear those examples, usually they don't take it personally. Rather it's 'Oh, is that how you understood that? I didn't mean it that way'."



Willard maintains that upward assessment providing this sort of feedback brings proven benefits to companies undertaking such exercises. And to the individual manager, being assessed? "Overwhelmingly," she says.

Bank tots up the cost of coddling toddlers

The cost to an employer of replacing an experienced employee is a year's salary. The cost of subsidising childcare for the first four years of an infant's life is about half that.

When Midland Bank made this calculation at the end of the 1980s, it concluded that helping mothers with childcare must make good commercial sense. Three years later, Midland is providing almost as many nursery places as the rest of the private sector put together. It is involved in more than 100 nurseries, offering places to nearly 1,000 Midland babies and toddlers.

Already the scheme is having results. In 1989, no fewer than 1,400 women at the bank became pregnant, but only 30 per cent returned to work. The latest figures suggest that about 50 per cent are returning. While not all the improvement can be attributed to the nurseries, Midland believes that they have played a big part. "We found that for the majority of women, childcare was a major barrier to promotion", says Anne Watts, equal opportunities director.

The bank will not be drawn on how much it has spent on the scheme, because it fears the giddy cost would put off other companies.

"I am conscious that we are pioneers in this," says Watts. "Other employers would look at our figures and say that they were totally unrealistic." Even Midland seems to be baulking a little. It no longer talks of the 300 nurseries that it mentioned at the outset. Instead it plans to hold the total at about 120 for now.

Midland has a direct interest in encouraging other employers to start similar schemes and is disappointed that not one has yet done so. Almost all its nurseries are run as partnerships – usually with the public sector.

Running nurseries on its own is prohibitively expensive: the more willing partners there are, the lower the costs, as the overheads can be spread more thinly.

Watts blames the absence of imitators on recession and the cuts in most companies' workforces. The other culprit is the government. "It has set up conferences and said: 'It would be jolly good if you get together'. But it has done nothing."

Midland believes helping with childcare makes commercial sense

At the moment the cost of providing workplace nurseries is tax deductible for private-sector employers. For industrial companies, the capital costs may also qualify for capital buildings allowance. For the employee, the benefit is tax deductable, but only when the employer is involved in financing and running the nursery. However, Watts argues that this does not go far enough, and that the Government should be more active.

The bank decided to become directly involved in childcare – rather than simply hand out subsidies to staff – because it recognised the problem for working mothers was not just financial. Nurseries and childminders were in short supply and their quality uncertain.

At each nursery, Midland guarantees that the premises are up to scratch, that there are enough staff and that the children are learning as well as playing. The bank shares the cost with employees, who pay £42 to £58 a week towards a total cost of around £100.

But with just 1,000 places available – against 60,000 employees – the nurseries are not a benefit for everyone.

Instead, Midland allocates them in hard-nosed commercial fashion. It supplies childcare in areas where it is having trouble recruiting staff, recognising that a nursery has great pulling power. When the Midland advertised for jobs in Jersey where workers are in short supply, the promise of subsidised childcare brought more than 200 enquiries on the first day.

Even in areas where a Midland nursery exists, employees are not assured a place. Priority is given to those who the bank is particularly anxious to keep, because their skills are in short supply, or because they would be expensive to replace. Although Midland may have abandoned a target of 300 nurseries, Watts stresses that it has not had second thoughts about the need for childcare. Instead, the bank is channelling money into other areas.

- It has started holiday play arrangements for the over-fives.
- It also offers employees – male and female – five days off a year on full pay to deal with sick children or other crises at home.
- Parents are also allowed a break of up to five years, with their jobs back at the end of it.

The one important area which it has not attempted to tackle is after-school care for children. This, it reckons is something the Government should do.

A handful of other big employers have made gestures, but most are peripheral. At Dixons, the electrical retailer, much was made of a scheme that offers term-time working contracts to men and women. That was three years ago, and only 30 people have taken it up.

Lucy Kellaway

THE WEEK AHEAD

ECONOMICS

Spotlight falls on UK economy

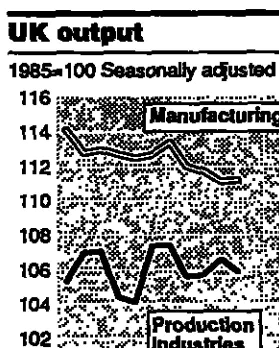
THE recession-struck UK economy will be centre stage again this week, with the usual mid-month welter of statistics.

Key data include the December manufacturing output and industrial production figures published on Friday. These form the basis of the much awaited fourth quarter GDP figures due on February 20 which are widely expected to show flat or negative non-oil growth – the sixth successive quarterly decline.

Today's credit business figures will be watched closely for signs of a pick-up in consumer confidence in December. Another net repayment is expected following a reduction in the demand for credit in the three months to November.

Attention will also focus on the inflationary pressures which remain in the economy with underlying earnings expected to touch a new low of 7.25 per cent, the lowest annual rate recorded since 1981.

In the US, optimists on prospects for economic growth this year are unlikely to find much succour for their views in this week's statistics. January retail sales are expected to remain dormant following a disappointing Christmas sales season. But inflation has continued to decelerate with the



producer price index for January likely to remain unchanged.

Highlights of the week ahead, with the median of city forecasts in brackets, from MMS International, a financial information company, include:

Today: UK, final retail sales for December (down 1.0 per cent). December credit business (net repayment of £50m). Canada, motor vehicles sales in December, January housing starts. Norway, January consumer price index.

Tomorrow: UK, producer price index for January – output (up 0.7 per cent on month, up 4.5 per cent on year), input (up 0.1 per cent on month, down 0.6 per cent on year), Bank of England publishes quarterly bulletin. US, December wholesale trade, Federal Reserve chairman Greenspan addresses Independent Bankers Association. Japan, National Foundation holiday – all markets closed. Canada, department store sales in December.

Wednesday: France, fourth quarter employment. US, December housing completions. Japan, machinery orders in December. Australia, retail trade in December (up 1.0 per cent).

Thursday: US, retail sales in January (up 0.2 per cent), excluding autos (up 0.4 per cent), M1 ($13.5bn), M2 ($6.2bn), M3 ($8bn) for January. M1 (-$3bn), M2 (-$1.9bn), M3 (-$0.5bn) for week ended February 7, initial claims for week ended February 2 (450,000), auto sales February 1-10 (5.8m). UK, January unemployment (up 30,000), January vacancies (up 5,000), average earnings in December (7.25 per cent). Spain, January consumer price index (up 1.7 per cent on month, up 6.1 per cent on year). Sweden, January unemployment rate, December current account. Japan, January trade balance ($3bn). Australia, employment in January (down 10,000), January unemployment rate (10.6 per cent), Canada, December unfilled orders.

Friday: UK, January retail price index (up 0.1 per cent on month, up 4.4 per cent on year), excluding mortgage interest payments (up 5.8 per cent on year), December manufacturing output (up 0.1 per cent on month, down 2.9 per cent on year), December industrial production (up 0.1 per cent), December unit labour costs (up an annual 4.5 per cent in the three months to December). US, January producer price index (down 0.1 per cent), excluding food and energy (up 0.2 per cent), January industrial production (down 0.5 per cent), January capacity utilisation (78.4 per cent), December business inventories (down 0.2 per cent). Japan, wholesale price index (down 0.4 per cent on month, down 2.1 per cent on year). Sweden, January trade balance (SKr3.2bn). Australia, November import price index.

During the week: Germany, December retail sales (flat on the year). Netherlands, December trade balance (NLG1.7bn). Denmark, January, consumer price index (up 0.1 per cent on month, 2.4 per cent on year).

Emma Tucker

RESULTS DUE

BRITISH PETROLEUM is likely to report sharply lower pre-tax profits for its fourth quarter on Thursday, following the steep decline in oil prices late last year. Analysts' estimates go as low as £48m, although this is expected to be boosted to just over £100m by gains from asset sales. This compares with a fourth quarter profit of £456m for 1990.

Full-year profits for 1991 are also likely to be down on the previous year by about 10 per cent to just under £1bn. All sectors are expected to have shown a decline, including refining and nutrition. Chemicals is expected to have made another loss.

Interest in the financial information and news group **Reuters Holdings** will focus on Wednesday not so much on its annual results, but on how trials are going of the long-delayed second phase of Dealing 2000, its automated trading system for foreign exchange, and of Globex, which will provide screen-based trading of futures and options.

Their success is likely to be very important to the future growth of Reuters, which has had to cope with retrenchment in the world's financial centres. Analysts are expecting pre-tax profits of around £334m to the end of December, compared with £320m.

Amstrad, the consumer electronics group headed by Mr Alan Sugar, is expected to announce an interim pre-tax loss of between £15m and £18m tomorrow.

In a PC market disrupted by over-supply and weak consumer demand, Amstrad has had to cut prices to combat competition from the likes of IBM and Philips.

The first half is traditionally the better half for Amstrad as Christmas boosts sales, but this past season children bought Nintendos instead and the company described sales in the run-up to Christmas as dramatically down on the previous year. The one promising area, satellite dishes, has also been weakening.

The consensus is, however, that the interim dividend at least will be maintained as Amstrad has a strong balance sheet.

Hanson, the Anglo-American conglomerate, is expected to report its first yearly quarter fall in pre-tax profits when it announces its results on Thursday. Forecasts for the three months to the end of December range from £220m to £240m. Last year Hanson reported a 7 per cent increase in taxable profits to £241m.

BOC, the UK industrial group, is expected to report a 9 per cent increase in first-quarter pre-tax profits to £77.5m on Thursday, demonstrating its strong defensive qualities during recession.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Avon Rubber, Melksham House, Market Place, Melksham, Wiltshire, 2.30
McCarthy & Stone, Home Stour House, 46-48 Barrack Road, Christchurch, Dorset, 11.00
Teredo Petroleum, The Geological Society, Burlington House, Piccadilly, W., 2.30
BOARD MEETINGS:
Finals:
Baldwin
EFM Java Trust
Tottenham Hotspur
Interims:
Bailey (C. H.)
Foster's Brewing
US Smaller Co's

■ TOMORROW
COMPANY MEETINGS:
Baggeridge Brick, Plough and Harrow Hotel, Hagley Road, Birmingham, 12.00
Devenish (J. A.), The Brewers Hall, Aldermanbury Square, E.C., 12.00
Sturge Hldgs., Chamber Of Shipping, 30-32 St. Mary Axe, E.C., 11.30
BOARD MEETINGS:
Interims:
Amstrad
Bryant
Dudley Jenkins
Elbief
YRM

■ WEDNESDAY FEBRUARY 12
COMPANY MEETINGS:
Bett Brothers, 9 Cox Street, Dundee, 12.00
Electra Inv. Trust, 65 Kingsway, W.C., 12.15
BOARD MEETINGS:
Finals:
Fleming Fledgeling Inv.
General Cons. Inv. Trust
Moorfield Estates
Reuters
St. Modwen Properties
Scottish American Inv.
Throgmorton USM Trust
Interims:
Allied Leisure

■ THURSDAY FEBRUARY 13
COMPANY MEETINGS:
Aberforth Smaller Co's Trust, 16 Chester Street, Edinburgh, 12.15
Fishguard & Rosslare Rlys. & Hbrs., Warwick House, 25-27 Buckingham Palace Road, S.W., 12.15
Tomkinsons, The Chantry, St. Mary's Church, Kidderminster, Worcestershire, 12.00
Watson & Philip, The Invercarse Hotel, Perth Road, Dundee, 12.30
Westland, New Connaught Rooms, Great Queen Street, W.C., 11.00
BOARD MEETINGS:
Finals:
Crest Nicholson
Trust of Property Shares
Yeoman Inv. Trust
Interims:
GT Venture Inv.
North American Co's Inv.

■ FRIDAY FEBRUARY 14
COMPANY MEETINGS:
Control Techniques, Unit 79, Mochdre Industrial Estate, Newtown, Powys, 12.00
Radio Clyde, Clydebank Business Park, Clydebank, 12.00
BOARD MEETINGS:
Interim:
Anglo & Overseas Trust

Company meetings are annual general meetings unless otherwise stated.

PARLIAMENTARY DIARY

■ TODAY
Commons: Offshore Safety Bill, second reading. Motions on Industrial Relations Orders for Northern Ireland.
Lords: Asylum Bill, second reading. Motion on the Uncertificated Securities Regulations 1992. Bingo Bill, committee stage. Question to government on the future strength of the infantry in the British army.
Select Committees: Public accounts – subject, financial management in polytechnics. Witnesses: Sir John Caines, Department of Education; Dr William Stubbs, Polytechnics and Colleges Funding Council (Room 16, 4.30pm).
Social Security – subject, operation of pension funds. Witnesses: Investment Management Regulatory Organisation (Room 15, 4.30pm).

■ TOMORROW
Commons: Further and Higher Education Bill, second reading. Followed by timetable motion on the Bill.
Lords: Education (Schools) Bill, second reading. Stamp Duty, (Temporary Provisions) Bill, second reading. Aggravated Vehicle-Taking Bill, committee.
Select Committees: Social Security – subject, operation of pension funds. Witnesses: professional advisers to the Mirror Group (Room 15, 10.30am).
Trade and Industry – subject, trade with Hong Kong, China and Taiwan. Witnesses: David Love, Alan Murray, Mike Pentecost and Neil Worman, Department of Trade (Room 8, 10.30am).
Cardiff Bay Barrage Bill (Room 6, 10.30am).
Opposed Private Bill: Mersey Docks and Harbour Bill (Room 5, 11am).

■ WEDNESDAY
Commons: Lords Amendments to the Severn Bridges Bill. Museums and Galleries Bill, second reading. Proceedings on the Social Security Consolidation Bills. Motions on Welsh revenue support grant reports.
Lords: Debate on dangers posed by the spread of nuclear weapons technology. Debate on the Scottish economy. Offshore Safety (Protection Against Victimisation) Bill, second reading. Question to government on the recession and industrial investment stimulation.
Select Committees: Environment – subject, coastal zone protection. Witnesses: BACMI – SAGA, British Ports Federation (Room 21, 10.30am).
Trade and Industry – subject, export to Iraq. Witnesses: Midland Bank (Room 15, 10.30am).
Agriculture – subject, trade gap in food and drink. Witnesses: Biscuit, Cake, Chocolate and Confectionery Alliance; British Egg Industry Council; British Poultry Meat Federation (Room 20, 10.45am).
Energy – subject, renewable energy. Witnesses: UK Solar Energy Society; Royal Institute of British Architects; BP Solar International Limited (Room 8, 11am).
Employment – subject, the work of the Health and Safety Commission. (Room 20, 4.15pm).
Health – subject, NHS Trusts. Witnesses: British Medical Association; Joint Consultants Committee; Royal College of Nursing; representatives from professions allied to medicine (Room 15, 4.15pm).
Public Accounts – subject, helicopter maintenance. Witness: Sir Michael Quinlan, MoD (Room 16, 4.15pm).
Treasury and Civil Service – subject, banking codes of practice. Witnesses: Barclays Bank; Lloyds Bank, Midland Bank, National Westminster Bank (Room 8, 4.15pm).
Home Affairs – subject, migration controls at external EC borders. Witnesses: Ron Hadfield and other police witnesses: Immigration Service Union; National Union of Civil and Public Servants (Room 21, 4.30pm).
Cardiff Bay Barrage Bill (Room 6, 10.30am).
Opposed Private Bill: Mersey Docks and Harbour Bill (Room 5, 10.30am).

■ THURSDAY
Commons: Army Bill, second reading.
Lords: Taxation of Chargeable Gains Bill, third reading. Coal Industry Bill, committee. Access to Neighbouring Land Bill, committee. Question to government on the second report of the Standing Advisory Commission on Human Rights in Northern Ireland.
Select Committees: Cardiff Bay Barrage Bill (Room 6, 10.30am).
Opposed Private Bill: Mersey Docks and Harbour Bill (Room 5, 10.30am).

■ FRIDAY
Commons: Private Members Bills.
Lords: Competition and Services (Utilities) Bill, second reading. Prisons (Security) Bill, second reading.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Allied Partnership 0.5p
American Express 25cts.
Bass 25.7p
Conversion 9¾% 2001 4.875pc.
Creighton's Naturally 2p
Greenalls A 1.32p
Halma 0.863p
Norcros 3.5p
Sanderson Electronics 5.4p
Skopbank Sers. B Und. Var. Rate Nts. $155.03
Sumitomo Bank Intl. Fin. NV Gtd. Fltg. Rate Nts. 2000 $141.98
Tongaat-Hulett 23cts.
Volex 5.5p

■ TOMORROW
Anchor Intl. Fd. 8.71cts.
Collateralised Mortgage Sec. No. 12 Class B Mtg. Bkd. Fltg. Rate Nts. 2028 £314.21
Latham (James) 1.5p
Syltone 3.15p
Tate & Lyle 7.5p
Tunstall 3.2p
Wellman 0.8p

■ WEDNESDAY FEBRUARY 12
Acorn Inv. Tst. 1.5p
Baggeridge Brick 2.375p
Bett Bros 2.1p
Devenish (J. A.) 5.05p
Hambros Eurobond & Money Mkt. Fd. Ptg. Red. Prf. 25p
Do. Ptg. Red. Prf. Managed Fd. 19.7p
Do. Ptg. Red. Prf. Stlg. Eurobond Fd. 23p
Do. Ptg. Red. Prf. C$ Eurobond Fd. 87.8cts.
Do. Ptg. Red. Prf. Yen Eurobond Fd. Y68.3
Do. Ptg. Red. Prf. Cont'l Eurobond Fd. PF172.9
Do. Ptg. Red. Prf. Stlg. Money Mkt. Fd. 51.7p
Do. Ptg. Red. Prf. US$ Money Mkt. Fd. 29.7cts.
Do. Ptg. Red. Prf. Cont'l Euro. Money Mkt. Fd. PF210.3
Tesco Capital 9% Cnv. Cap. Bds. 2005 (Reg.) 4.5pc.
Do. 9% Cnv. Cap. Bds. 2005 (Br.) 4.5pc.
Vodafone 2.88p

■ THURSDAY FEBRUARY 13
BTP 3.1p
Bristol Water Hldgs. 6.8p
Do. NV 6.8p
Gibbon Lyons 2p
Goode Durrant 2.15p
Hunter Saphir 1p
M & G Euro. & Gen. Fd. 1p
Natl. & Provincial Bldg. Soc. Fltg. Rate Nts. 1999 £265.37
Racal Electronics 0.3p
Royal Bank of Scotland Fltg. Rate Nts. 2005 £1321.56
Sabre Intl. (No. 2) Sers. D 6.4% Sec. Nts. 1998 Y170667
Tomkinsons 8p

■ FRIDAY FEBRUARY 14
Banco Nacional De Mexico SA Fltg. Rate Sub. Nts. 1992 $158.13
Booth Inds. 0.7p
Brown & Tawse 2.85p
Burton 1p
EFM Income Tst. 1.2p
Fleming Int. High Inc. Inv. 1p
Forminster 3.78p
Guaranteed Export Finance Corp. 11½% Gtd. Nts. 1994 5.625pc.
Mining & Allied Supplies 0.5p
National Westminster Bank Prim. Cap. Fltg. Rate Nts. (Sers. B) $313.06
Scottish Inv. Tst. 2.9p
Scottish & Newcastle 5.51p
State Bank of New South Wales 10 Year extendible Fltg. Rate Nts. $313.06
Storehouse 2.5p
Trafalgar House 9.8p
Trinity Intl. Hldgs. 1.75p
UMECO 0.75p
Watson & Philip 8.8p

■ SATURDAY FEBRUARY 15
Abbott Labs. 25cts.
Chase Manhattan 30cts.
Fishguard & Rosslare Rlys. & Hbrs. 3½% Gtd. Prf. 1.225p
Greater London Council 6¾% 90/92 3.375pc.
M & G Second Gen. Tst. 1.096p
Nova Corp. of Alberta 6cts.
Pacificorp 37.5cts.
Polar 2.5p
Scottish Metropolitan Prop. 7⅜% 1st Mtg. Deb. 88/93 3.6875pc.
Do. 10¼% 1st Mtg. Deb. 2016 5.125pc.
Sears 7¼% Uns. Ln. 92/97 3.625pc.
TSB Gilt Fd. Class A Ptg. Red. Prf. 2.875p

■ SUNDAY FEBRUARY 16
Gates Rubber 5% Prf. 3.5p
Do. 5% 2nd Prf. 3.5p

APPOINTMENTS

The Midas touch for Carpetland?

Carpetland, the management buy-out company hoping to rise from the Lowndes Queensway ashes, has chosen Julian Lee as its non-executive chairman.

Lee appears to have been picked not for any retailing savvy but rather for the Midas touch that he exhibited in leading the Bricom buy-out of the non-financial interests of British & Commonwealth – which he successfully sold to a Swedish-led group of investors two years later, in a deal which increased staff and management's investment by a factor of 25.

A chartered accountant by training and a partner at Arthur Andersen until 1982, Lee joined Phibro, the Salomon subsidiary, briefly becoming international chief operating officer in London before moving to B&C in 1985.

As Lee tells Lowndes Queensway employees involved in last August's buy-out how to make a go of Carpetland, one of his competitors will be Sir Philip Harris, former employer of many Carpetland staff. The carpet baron who personally made a £70m profit when he sold out of Lowndes Queensway two years before it collapsed in a heap of debt, is well into his next carpet business, Carpetright, which is already doing well enough for Sir Philip to be considering a stock market flotation.

Going up ... and on

The fifth generation of the Fothergill family is moving into the top office at Pickerings, Britain's oldest lift manufacturer. Donald Fothergill, aged 29, is taking over from his father, Christopher, as managing director of the 138-year-old Teesside company. The arrival of young Donald, who earned his MBA at Henley management school, means that three generations of the family are now represented on the board.

Donald's grandfather, John, is president, and his father continues as executive chairman. The group, which employs just under 500, is one of the founders of the National Association of Lift Makers. Among its recent contracts are the installation of nine lifts at the Fujitsu factory at Newton Aycliffe and six lifts at the Metropole Hotel on London's Edgware Road. Over the past five years turnover has more than doubled to £24m with profits of around £3m in 1990.

■ Alan Hines, formerly md of Nationwide Refrigeration Supplies, has been appointed md of SECURICOR Vehicle Services. Nigel Messenger is promoted to md of Securicor Hotels; Andrew Parker is appointed md, and Nigel Russell marketing director of Securicor Cellular Services. Mike Wilkinson takes Parker's position as finance director of the communications division. Peter Hilton becomes md of Securicor PMR Systems.

■ Jim Keohane, director of energy contracts, is appointed to the main board of EAST MIDLANDS ELECTRICITY. The current md, Dan Cowe, will retire at the end of September.

■ John Norton will become senior partner of BDO BINDER HAMLYN in May on the retirement of Lord Lane of Horsell.

■ Stuart Lorne is appointed sales director of DERWENT MACDEE, a subsidiary of Polypipe.

■ Andrew Jennings and Ronald Craig have been appointed directors of House of Fraser.

Guinness stirs the brew

Guinness Brewing Worldwide (GBW) is to restructure its management by establishing four operating regions – Europe (excluding Ireland), Asia-Pacific, Ireland, Africa and Americas – and appointing a managing director for each.

From March 30, Peter Lipscomb will be appointed managing director for Europe and assistant managing director of GBW. Reporting to him, and promoted to succeed him as md of Guinness Brewing Great Britain, is Michael Hughes.

John Davies will be md for Asia-Pacific based in Singapore from July 1. Taking his place as md Guinness Ireland is Colin Storm, currently md of Guinness Brewing International. The Africa and Americas region, based in London, will be established at the same time and John Hearnden, currently GBW finance director, will be its md.

CONSTRUCTION CONTRACTS

Hampshire highway project

ALFRED McALPINE CIVIL ENGINEERING has been awarded the £20.4m Blackwater Valley road development (contract 4, northern section) by the Hampshire County Council.

Comprising five kilometres of dual two-lane carriageway in flexible construction, 13 bridges, five footbridges, 12 retaining walls and two sign gantries, the contract also involves two major diversions of the Blackwater river.

The project will commence in March and has a contract period of 140 weeks.

Water treatment

LAING CIVIL ENGINEERING has received £10.8m worth of orders as part of an Anglian Water project to boost capacity and improve quality at Grafham water treatment works in Cambridgeshire. The contracts, awarded by Degremont GB, call for the fast-track construction of a series of reinforced concrete tanks and pipework. The largest tank will be 80 metres long, 50 metres wide and 10 metres deep.

Tidal river barrier

CLEVELAND STRUCTURAL ENGINEERING, a member of Trafalgar House, has won contracts worth £4.65m. The largest is for the design, supply and installation of one mitre and 13 sluice gates which will form part of the tidal barrier scheme across the Colne river at Wivenhoe, Essex.

Channel Tunnel rail terminal

LANDIS & GYR has won a £1m-plus contract from British Rail European Passenger Services to install a building management system at Waterloo International (*pictured*), the new rail terminal due to open in 1993 as the London terminus for the Channel Tunnel passenger traffic.

The Landis & Gyr System 2100 will monitor and control air conditioning, including platform areas, as well as lighting, escalators and travelators.

Major hotel development in Blackpool

JT DESIGN BUILD has begun work on new contracts totalling £20m. New developments include three aviation projects and a contract to build the flagship operation of Boddington's leisure empire in Blackpool.

JT has been awarded the £16m contract to build a luxury 170 bedroom golf and leisure hotel in Blackpool. The project will provide Blackpool with its first new hotel in 10 years.

The aviation projects include a scheme to construct what is believed to be Europe's largest "filling station" at Heathrow Airport.

At Stansted Airport the company has been appointed to totally refurbish the old North Terminal building, producing an executive terminal for Esso's business air arm Avitat.

The third aviation project is a scheme to build a hanger, aircraft maintenance and ramp service complex for the business aviation company Fields Aviation. This facility will be able to accommodate a 727 200 aircraft for maintenance.

Bridge building in the County of Avon

CHRISTIANI AND NIELSEN has been awarded two road and bridge contracts by the County of Avon. The larger, at £4m, is the Weston-Super-Mare primary distributor road Stage VB and is located either side of the A371 Locking Moor Road, one kilometre south of the junction with A370 Locking Road.

The contract is for the construction of 0.9km of dual carriageway, a three-span railway bridge crossing the British Rail main line to the south west, a roundabout and the diversion of associated approach roads. Work on site is expected to start in March and be completed by the end of 1993.

The Cleveland Bridge at Bath, a Grade II structure, is to undergo a major refurbishment valued at about £500,000.

The bridge originally constructed in 1827 and strengthened in 1929 incorporated ornate parapets which are being refurbished. Concrete repairs to the truss girders together with repainting, new water proofing and resurfacing of the road are included in the contract. Completion is scheduled for the autumn.

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City offices scheme won by Wates

WATES CONSTRUCTION (LONDON) has been awarded orders valued in excess of £10m.

In the City, the Corporation of London has appointed Wates as the main contractor for the redevelopment of Boston House in New Broad Street, London EC2, adjacent to London Wall. This office and retail development involves reconstruction behind three retained Edwardian facades.

At Charing Gross Hospital in Hammersmith, Riverside Health Authority has awarded a contract to construct a building for its cancer services department to house two linear accelerators.

The project includes ancillary patient facilities and medical office accommodation together with refurbishment of the radiotherapy block.

The Urban Learning Foundation has appointed Wates Construction to undertake the redevelopment of its main site on East India Dock Road, London E14 to create premises to provide student accommodation with teaching, study and administration and conference areas.

CONFERENCES & EXHIBITIONS

FEBRUARY14
Researching the Computer Industry
Half Day: 9.00 - 1.00pm
A one-day seminar to be held at London Business School. Speakers include David Picken (EASAMS) Ltd, Martin Tilling (Price Waterhouse), Richard Holway (consultant), and Charles Burrows (James Capel) Cost £95.00 (without lunch £85.) plus online demonstrations.
Contact name: Yasmin Ganes
071 262 5050 ext 229
LONDON

FEBRUARY 17
London Motor Conference
The impact of the recession, relationships between Japanese car manufacturers and European components suppliers, trends in distribution and retailing will be discussed. Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2123
LONDON

FEBRUARY 18
Oil and Gas Price Information
Fundamentals, Uncertainty and Implications
Three papers covering how oil prices are formed; a look into the future for medium term oil prices and the price implications of gas supply and demand.
Contact : Catherine Cosgrove, The Institute of Petroleum - 071 636 1004
LONDON

FEBRUARY 20
DOING BUSINESS WITHOUT PAPER. The Impact of EDI (Electronic Data Interchange) on the upstream and downstream oil industry.
Contact: Susan Ashton,
The Institute of Petroleum - 071 636 1004
LONDON

FEBRUARY 20-21
ACQUIRING IN EUROPE
An essential two day conference for anyone considering making a European acquisition. Top experts take you through the acquisition maze and cover both technical and practical aspects of acquiring in all the major European centres. Not to be missed!
Contact ACQUISITIONS MONTHLY
Tel: 071 823 8740 Fax: 071 851-4331
LONDON

FEBRUARY 24
MOULDING THE FUTURE
A one day DTI conference examining emerging market opportunities for companies using or making engineering thermoplastics and the direction needed to compete successfully in the 1990's.
Keynote address - Rt. Hon. Peter Lilley MP Contact Samantha Yates, ICM Tel: 0483 37557 Fax: 0483 33082
LONDON

FEBRUARY 24-25
Business Warfare
This is a strategic seminar which considers marketing planning in the context of a military strategy. The four alternatives - defence, attack, flank and guerilla - are outlined and evaluated.
Speaker: Tom Day. Contact: Knight. Frost & Sullivan Ltd. Tel: 071-730 3438.
Fax: 071-730 3433.
LONDON

FEBRUARY 25 - 28
INTERNATIONAL HANDLING & STORAGE EXHIBITION
IHSE - which takes place once every three years - is Britain's only international materials handling event, and the stands of around 400 exhibitors will be bursting with every imaginable product for cost-effective materials movement and storage.
For your free ticket phone 0895 679111 now!
BIRMINGHAM

FEBRUARY 26
SUCCESSFUL STRATEGIES FOR DECISION MAKERS
A one day investment in your Company's future.This seminar covers: setting goals and identifying obstacles, taking stock of your business and its marketplace, developing a vision for success, considering major options, etc.
Contact: FIBEX. Tel: 071-489 9944
Fax:071 236 6140
LONDON

FEBRUARY 26-28
Executive Information Systems
Delegates will have the opportunity to develop a profile of their company's unique EIS requirements and to evolve an implementation plan to meet these requirements. Speaker: Wayne C Burkan. Contact: Louise Knight, Frost & Sullivan Ltd. Tel: 071-730 3438.
Fax: 071-730 3343.
LONDON

FEBRUARY 27
Work at VDU's
A one-day seminar for senior management on the implications of recent litigation (RSI) and forthcoming legislation (VDU Directive). Presented by Colin Mackay - HSE, Brian Pearce - Consultant Ergonomist, Tom Stewart - Chairman ISO TC159 SC4.
Bell Howe Conference
Tel: 0602 436323 Fax: 0602 436440
LONDON

FEBRUARY 27
REGULATION AND THE COST OF CAPITAL
Examines the debate on utilities, regulation and the cost of capital.
Speakers from: MMC; Yorkshire Water; UBS Phillips & Drew; City University Business School; NGC; British Gas and London Business School. Contact Allison Riley, OXERA, Tel: 0865 251142.
LONDON

FEBRUARY 27-28
COMPETITION IN THE LOCAL LOOP
Conference addresses this area of telecommunications which appears to prevent the goal of choice throughout the industry being achieved. Users and providers review the current status and examine future prospects.
Contact: Lisa Minoprio, IBC Technical Services. Tel: 071 637 4383
LONDON

MARCH 2
How To Implement Strategic IT Projects
This conference explores a range of practical approaches to planning for and actively managing the business impacts of major IT projects, including understanding why strategic IT systems usually fail, and successful approaches to improving the usability and user acceptance of systems.
Contact Business Intelligence.
Tel: 081-544 1830.
LONDON

MARCH 2-4
INVESTMENT MARKETS BRIEFING
Complete briefing on stockmarkets, bond markets, futures and options, institutional and portfolio investment. For IT executives, accountants, solicitors, trustees and other executives working in or with securities companies, but lacking detailed knowledge. Investment Education plc Tel: 061 833 9656
Fax: 061 834 8050
LONDON

MARCH 3
CONTRACTUAL DEFAULT & RISK LIMITATION.
In offshore supply and construction contracts. Includes practical workshop based on sample contract. For lawyers, commercial, project and contract managers. Speakers from Trafalgar House Offshore Structures, Marathon Oil, Santa Fe Exploration, Phillips Petroleum.
Contact: Susan Coulson, IBC
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

MARCH 4
Getting The Best From Your Travel Budget
Recession means a squeeze on your company's travel budget. But you still need to win and service new business. Learn how to balance the costs and benefits of your travel budget at this Institute of Directors' seminar.
Enquiries:- Director conferences
071-730 0022
LONDON

MARCH 4
Establishing a Presence in Japan
This high-level, yet practical conference, arranged in association with Priority Japan, will feature a keynote speech by The Rt Hon Peter Lilley, MP.
Enquiries: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

MARCH 4/5
EPoS Selection, Implementation and Exploitation
For retail finance, store operations and IT executives considering installing EPoS or wishing to maximise the benefits of an existing system. Sterling Hotel. Contact: Frances Risley, Martec International, 0823 333469.
HEATHROW

MARCH 5
Rapid Development in an Open Systems Environment
This seminar explores the business benefits of open systems, and how the use of a Rapid Application Development approach can optimise the benefits of an open systems framework. F.O.C.
Contact: JMA Information Engineering, Jackie Hemsley Tel: 0784 245058
Fax: 0784 243003
LONDON

MARCH 5
DOING BUSINESS IN HUNGARY
A practical guide to the most Westernised Eastern European Country. Sponsored by Coopers & Lybrand Europe. Subjects covered include: investment opportunities, legal and taxation consequences, labour environment, acquisitions, accounting issues and case study
Contact: FIBEX. Tel: 071-489 9944
Fax: 071-236 6140
LONDON

MARCH 9-11
How to Sell Through and Manage a Distributor Sales Network
For those who are involved with, or are considering becoming involved with, a distributor network to help achieve business objectives, attending this seminar will help enormously. Speaker: William C Fath. Contact Louise Knight, Frost & Sullivan Ltd. Tel: 071-730 3438
Fax: 071-730 3343
LONDON

MARCH 10
WHAT'S NEW IN LUBE OILS?
Lube oils are a small sector of the industry in terms of tonnage, but they represent just about the ultimate in added value potential. Their manufacture and marketing are keenly competitive areas.
Contact: Caroline Little, The Institute of Petroleum - 071 636 1004
LONDON

MARCH 10
Making Trade Marks Work For You
S J Berwin & Co are holding this half day seminar focusing on ways of enhancing the value of trade mark assets including new UK and international trade mark legislation and the impact of the Madrid Protocol. (35) Contact Michele Lobl, S J Berwin & Co., Tel: 071 278 0444. Fax: 071 430 0824. (12)
LONDON

MARCH 10 - 12
CADCAM '92
UK's most comprehensive event for design and manufacturing solutions. Featuring a host of informative events and over 200 exhibitors displaying products, services and applications dedicated to architecture,manufacturing, mechanical, electrical and electronic engineering. For complimentary tickets call 071 404 3310/4844
BIRMINGHAM

MARCH 11
A NEW CONTRACT SYSTEM
A seminar at which Max W Abrahamson will launch his new system (supported by graphics and computer methods) for drafting and applying contracts for modern complex building and engineering projects. Contact Jenny Blissett, Baker & McKenzie, Aldwych House, Aldwych, London WC2B 4JP,
Tel: 071 242 6531.
LONDON

MARCH 11-13
Management Skills for the New & Prospective Manager
A highly participative and practical seminar for project managers who need to develop and maintain high performing teams. Speaker: Regina E Zekis.
Contact: Louise Knight, Frost & Sullivan Ltd. Tel: 071-730 3438
Fax: 071-730 3343.
LONDON

MARCH 16
THE SFA NEW RULES - A GUIDE
A course completely reviewing the new SFA rules. Essential for Compliance Officers, Solicitors and Auditors. Repeated 11 May. Investment Education plc Tel: 061 833 9656 Fax: 061 834 8050
LONDON

MARCH 16-17
ACQUIRING IN GERMANY - Minimising the Risks -
Acquiring a company is always risky, particularly when it is in a country undergoing rapid change. This intensive two day training course addresses the problems that need to be recognised and responded to in the critical initial period. For further details contact: ACQUISITIONS MONTHLY
Tel: 071 823 8740
LONDON

MARCH 16-17
World Pharmaceuticals
The theme of the 1992 conference will be globalising the organisation and management of the pharmaceutical industry to meet the changing marketplace. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125.
LONDON

MARCH 17
CORPORATE GOVERNANCE AND BUSINESS ETHICS
A detailed analysis of the issues of good corporate governance and business ethics. Speakers include IoD, Institute of Ethics, PRO NED, Top Pay Research Group. Contact: Westminster Management Consultants Ltd
Tel: (0483) 740 730
Fax: (0483) 740 727
LONDON

MARCH 18
Electronic Data Interchange: Electronic Banking and Data Protection
A half-day seminar run jointly by The Chartered Institute of Bankers and Lovell White Durrant on legal implications of EDI. Includes EDI contracts; Taurus; Data Security.
Contact: Gill Hernon, CIB,
071-623 3531.
LONDON

MARCH 18
OVERSEAS EMPLOYEES
This comprehensive one-day conference will provide a thorough updating in all major areas of the legal, taxation and practical personnel aspects of managing your expatriates. Speakers include Greville Janner QC MP FIPM.
Contact Harriet Fielding IRS Training
Tel 071 354 5858 Fax 071 359 4000
LONDON

MARCH 18-19
THE SOLID WASTE PROBLEM
Issues in sewage sludge disposal and landfill management. Including environmental law review, monitoring and control of landfill sites, and economics and technology of sludge disposal. Contact: D McGraw/ P Russell. Sira Communications.Tel: 081 467 2636.
Fax: 081 467 7258.
LONDON

MARCH 19
Managing Supplier Relationships: How To Obtain The Best Long-Term Deal
This conference focuses on the key issues that face I.T. managers is obtaining the best deal from suppliers, exploring some of the most common problems which are encountered by purchasers, and showing how they can be avoided. It also reveals how some organisations are finding new ways of working with suppliers. Contact Business Intelligence. Tel: 081 544 1830.
LONDON

MARCH 19-20
INTERNATIONAL INNOVATION '92
Organised by NIMTECH The North West Technology Centre. The conference provides information on £1000m EC cash for collaborative R&D product development, includes workshop on European business opportunities. The exhibition presents practical technology from all over the world. Contact David Locke (tel. 0695 50032 fax. 0695 50812).
MANCHESTER

MARCH 20
European Financial Information Conference
For directors and senior managers. Presentations focus on Treasury Management, Credit Terms, Information Systems and reserving Title to Goods in Europe. Hosted by Reuters. Keynote Speech: Anne McIntosh, M.E.P.
Contact: Jane Pavitt 0245 283030
Fax: 0245 492486
WALTHAM ABBEY

MARCH 22-25
Introduction to Telecommunications Management
Provides an update of the latest trends in telecomms and considers techniques/strategies employed in providing business communication facilities. Designed as a specialist update/refresher course for communications staff and newcomers to telecomms. Contact: Lisa Suanders, TMA. 0689 873333
BIRMINGHAM

MARCH 24
DOING BUSINESS IN CZECHOSLOVAKIA
A corporate step by step guide through one of the major opportunity areas. Sponsored by Coopers & Lybrand Europe. Subjects covered include: Investment opportunities, legal & taxation issues, labour environment, acquisitions, accounting issues and a case study. Contact: FIBEX.
Tel: 071-489 9944. Fax: 071-236 6140.
LONDON

MARCH 25th - 26th
KNOW YOUR COMPETITORS
Competitor Intelligence & Analysis
A practical two day seminar/workshop from the UK's No 1 specialist. Practical case exercises, successful case studies. Guest speaker who is head of a major company's intelligence unit.
Contact Patricia Donnard
EMP Intelligence Service,
Tel: 071-487 5665 Fax: 071-935 1640
LONDON

MARCH 26
TOTAL QUALITY
Overcoming the barriers to successful implementation.
CBI/DEVELIN & PARTNERS
Contact: Roberta Heary
CBI Conferences Tel: 071 379 7400
Fax: 071 497 3646
LONDON

MARCH 30 & 31
Managing Financial Risks
This workshop is an intensive, practical course aimed at those who wish to understand the principles and practices of financial risk management.
Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

MARCH 30 - APRIL 2
FUTURES & OPTIONS: A practical course
Comprehensive course in Futures & Options with emphasis on practical and useful aspects and hands-on experience. Includes all major products and markets, uses within portfolios, technical analysis and settlement.
Investment Education plc
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

MARCH 31 – APRIL 1
Money Market Operations For Public Bodies and Institutions
Covers all aspects of sterling money market operations including instruments, use of credit ratings, control, processing and information needs and legal aspects.
Investment Education plc
Tel: 061 833 9656 Fax: 061 834 8050
LONDON

MARCH 31-APRIL 2
CD-ROM EUROPE '92 Conference and Exhibition
International speakers' panel will focus on CD-ROM applications in Finance, Libraries & Museums, Education, Training, Publishing, Marketing & Retail and European Markets. Introduction to CD-ROM and Multimedia, EIIA Publishers' Clinic. New products, demonstrations and promotions. Phone 0895 622233 for information
BRIGHTON

APRIL 1
The Future of the Branch Steering a Course Through Change
The Financial Revolution in Europe suggests that branch networks will be the key to the distribution of all financial services. This workshop focuses on how the branch can be made more productive as a deliver channel.
Contact: Elaine Robertson, Meeting Makers TEL: 041 553 1930
FAX: 041 552 0511
LONDON

APRIL 1-2
CHEMSPEC EUROPE 92 -
Highlighting Developments and Future trends in Speciality, Performance and Fine Chemicals - Organic Intermediates - Contract & Toll Manufacture.
G-MEX, Manchester
Contact: Valerie Shilling, PMI International Publications Ltd.
Tel: (0737) 768611 Fax: (0737) 761685
MANCHESTER

APRIL 3
THE SECURED LOAN.
Negotiating and structuring security documentation; enforcement; priority and subordination; set-off types of security; effect of work-outs. For senior lending officers and legal advisers in banks and financial institutions and commercial lawyers. Contact: Susan Coulson, IBC
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

APRIL 6
I.T. and Business Re-Engineering: Transforming Corporate Performance
This first independently organised conference on I.T. and Business Re-engineering provides a unique opportunity to find out how the marriage of business process redesign and the creative use of information technology is enabling companies to complete more effectively in today's testing markets.
Contact Business Intelligence.
Tel No: 081-544 1830
LONDON

APRIL 6 - MAY 26
FT - City Course
This course is designed to provide a broader understanding of all aspects of the operations of this City old and new and the factors that make it a pre-eminent financial and trading centre. Enquires: Financial Times
Tel: 071-925 2323 Fax: 071-925 2125
LONDON

APRIL 14 & 15
Opening up the Post-Soviet Gas Industry
Meet Key Decision Makers from Russia, Kazakhstan and other Republics convened by the newly established Centre for Foreign Investment and Privatisation, Moscow and The Royal Institute of International Affairs. To be held at The Queen Elizabeth Conference Centre, London. Enquiries RIIA Conferences.
Tel: 071 957 5700 Fax: 071 957 5710
LONDON

APRIL 28
Pension Funds: Trustees and Investment Management
A detailed examination of the obligations and responsibilities of pension fund trustees in the context of the potential pitfalls highlighted by the Maxwell affair
Contact: Westminster management Consultants Ltd. T: (0483) 740 730
F: (0483) 740 727
LONDON

INTERNATIONAL

FEBRUARY 27-28
INTEREST RATE DERIVATIVES
A practical seminar with workshops presented by LBS Financial Software Ltd of London Business School focussing on the design, pricing, management and use of these instruments. Contact Antony Webb, Tel: +44 923 825663
ZURICH

FEBRUARY 28-MARCH 4
Tourism Works For Peace
International Hotel Association study tour of Jordan and Israel includes principal hotel/tourism operations in both countries: Educational seminars for senior executives. Contact: IHA, Paris Ellen Mollay Telephone: (1) 47 00 84 57
Fax: (1) 47 00 64 55
PARIS

MARCH 4-6
European Business Information Conference
Sessions focussing on company and financial information, industry intelligence, credit reference, competitor analysis - all aspects of information for and about business in Europe. Workshops, case studies, and major exhibition.Contact Jenny Perry, TFPL Ltd. Tel: 071 251 5522
Fax: 071 251 8318
BRUSSELS

MARCH 9&10
COMPETITIVE INTELLIGENCE
Objectives. Organisation. Systems. Techniques and Analysis. Seminar presented by Kirk Tyson, author of "Competitor Intelligence, Manual & Guide." For managers and analysts with strategic planning, business development or research responsibilities. ALSO in GENEVA 12&13 MARCH. Contact: IIB SA, Geneva, Switzerland.
Tel: (41) 22 788 2751. Fax: (41) 22 788 2726.
MILAN

MARCH 10-12
SEMICON/EUROPA 92
Europe's leading annual international trade show for equipment and materials suppliers to the semiconductor industry. Contact SEMI in London: Ann Cochrane.
Tel: 071-240 4905 Fax: 071-497 8728:
in Brussels: Paul Davis.
Tel: 32(2) 736 2058 Fax: 32(2) 734 0622.
ZURICH

MARCH 24-26
International Gaming Business Exhibition (IGME) Europa '92 Espace Fontvielle
IGBE '92, the first major European Exhibition exclusively for the casino gaming industry, will showcase all major products and services of importance to the casino. Special events will also be held. Contact: Eileen B. Baird Phone (USA): 203-852-0500, ext. 107 Fax: (USA): 203-838-3710
MONACO

APRIL 2-4
European Construction - Policy and Performance Conference
Project experience reports from: Rémy, Carle Electricité de France, Channel Tunnel (GIE Transmache and Translink), Sizewell B, Framatome, SNCF, GEC Alsthom, High-Point, National Power, Serete, Balfour Beatty Fairclough.
Contact: Caroline Davis, European Construction Institute Tel: (44) 509-222620 Fax: (44) 509-260118
LILLE

APRIL 26-28
PSI International Payment Systems Symposium & Exhibition
The Battle for the Consumer: Breaking the barriers. Rome, Italy. For more information, contact PSI, 3030 N. Rocky Point Dr. W, Suite 670, Tampa, FL USA 33607 Tel: 813-287-2774 Fax: 813-286-7377or 281-0827
ROME

MAY 4-15
World Investment Markets For Private Bankers
A complex course covering the whole area of Private Banking, from the individual markets and products, to personal skills needed, to portfolio preparation and presentation. Also in London in June. Investment Education plc Tel: 061 833 9656 Fax: 061 834 8050
GENEVA

JUNE 1-14
TRADE MISSION AND FLOATING EXHIBITION IN THE CARRIBBEAN
Trade Mission and unique opportunity to exhibit British goods onboard Geest Line ship in Antigua, St Kitts, Trinidad and St Lucia. Organised by the London Chamber of Commerce. Contact: Rachel Robinson
Tel: 071 248 4444 (quote ref 0013)
CARIBBEAN

EXHIBITIONS

FEBRUARY 25&26
International Banking
The 1992 meeting will examine how the international banking industry is responding to the challenges of economic uncertainty and the continuing pressures on profitability and margins. Enquiries: Financial Times Tel: 071-925 2323
Fax: 071-925 2125
LONDON

FEBRUARY 25-28
IBM '92
The largest IBM exhibition and seminar event in the world, with more than 250 exhibitors demonstrating leading systems and software for the IBM Business Community. The seminar programme offers more than 350 FREE sessions for specific industry sectors and application areas. For further details call: 071-404 4844/3310.
BIRMINGHAM

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ARCHITECTURE

'When beauty is destroyed, God suffers'

Civil war has inflicted more damage in Croatia than any world war, says **Colin Amery**

It was a bizarre and moving sight. A well dressed evening crowd in London stood before the glowing eye of a television set, their eyes riveted to film of bombs and rockets blazing over the ancient city of Dubrovnik.

It was no ordinary gathering. The majority of the crowd were Croatians either living or in exile in London. They had gathered to attend the opening of an exhibition of photographs in London's Royal Festival Hall documenting the tragic loss of much of the cultural heritage of their country. As the sun went down and the floodlights came on along the banks of the Thames, it was impossible not to compare the calmness of London with the brutal destruction so recently inflicted upon the ancient cities of a European neighbour.

"When beauty is destroyed, God suffers." These were the poetic words of Dr Stambuk, the UK representative of the Croatian government who spoke at the opening of the exhibition. Dr Stambuk is both a medical doctor and a poet and he movingly described both the loss of lives in the recent civil war in Yugoslavia and the damage to the art and architecture of Croatia that is part of the European cultural heritage. There are perhaps some 20,000 dead in Croatia and some half a million refugees; thousands of homes, villages and some 30 towns have been destroyed; and 400 churches have been ruined.

The Ministry of Culture and Education in Zagreb estimates that some 40 per cent of the built fabric of Croatia has been ruined. The damage inflicted by Federal forces is far worse than anything any part of the country experienced during the Second World War. The question has to be asked: were the ears of Europe sealed that it did not hear the cries of pain?

No one can deny that the cities of Zagreb, Dubrovnik and Split are important places in the history and culture of Europe. It was Rebecca West, in her book *Black Lamb and Grey Falcon*, who described Zagreb as having, "the warm and comfortable appearance of a town that has been well aired. People have been living there in physical, but not political, comfort for a thousand years. Moreover it is full of those vast toast-coloured buildings, barracks and law courts and municipal offices, which are an invariable sign of past occupancy by the Austro-Hungarian Empire". It is not a flamboyant city. The moderately elevated upper town still has its medieval character while the lower town retains some sense of Imperial Vienna. The upper town was bombed and attacked by rockets in a big air raid last October. Damage was inflicted on more than 70 important buildings and the governor's palace was ravaged. Photographs in the exhibition graphically show how rockets damaged rooftops in the densely packed older parts of the city.

Bozo Gjukic

A ruined palace in Dubrovnik: one of the photographs documenting the tragic loss of much of the country's cultural heritage

Dubrovnik has been exposed to destructive military and naval attacks since the beginning of last October. It is hard to imagine this Dalmatian coastal town, which has many of the qualities of Venice, being so brutally attacked, so recently. In some ways the remarkable 12th- and 13th-century walls may have fulfilled their original function and helped protect the city from even worse damage. At certain points the walls are some 30 feet thick and 80 feet high but since November last year, when the historic centre was subjected to incessant shelling, they have not been enough to defend the city.

The famous Minceta Tower – the best viewpoint for the city walls – the northern and western ramparts and the Gate of Pila have all been directly shelled and damaged. The two citadels of St John, Bokar and St Saviour have also suffered serious damage.

It was last December 6 that the very heart of the famous old city experienced a barbaric bombardment from Yugoslavian naval vessels. The 15th-century fountain designed by the Neapolitan architect Onofrio de la Cava, which is like a great domed altar running with water, was badly hit. The Sponza Palace, on the main square of Stari Grad, with its almost perfect 14th-century courtyard, has been damaged. This wonderful building is a lovely mixture of the Renaissance style and Venetian Gothic. Its growth shows that styles can mix, if a continuous civilisation builds with local coherence and integrity. Added to this tragedy is the fact that archives housed here dating back to the 12th century may have been destroyed.

A great part of the attraction of Dubrovnik lies in the unspoilt atmosphere it maintained on its tiny, half mile wide, peninsular. It still felt like an independent republic that never fell under the rule of Hungary or Venice. It is a terrible irony that the city that resisted the Turks and other invaders for so long is now being so badly damaged by civil war. The fearful damage seems so wrong, as there have been no troops or military installations of any importance in Dubrovnik since the 1960s.

Damage to its historic heart is equalled by the loss of many of the fine summer houses around the city and the burning of many of the 16th-century gardens that were so admired by Lord Byron. In the Gruz Port area almost total destruction is reported, including the loss of two rare Renaissance summer houses. The main street of the old city, Stradun, has been riven with craters by grenades, and the cupola of the cathedral has been damaged. The official estimates of the damage in Dubrovnik suggest that some 30 per cent of the entire historic city centre has been heavily damaged and that 10 per cent has been completely destroyed by fire.

There is also serious shell damage in the port of Split; and the old centres of Vukovar, Osijek, Kostajnica, Otocac, Gospic and Petrinja have been completely destroyed.

While it is possible to see the records of all this horrific cultural damage in London at the Royal Festival Hall exhibition – also in displays at the Courtauld Institute in Somerset House and the Photographers' Gallery in Great Newport Street – anyone concerned with the culture of Europe must feel the need to help Croatia. Both funds and expertise are badly needed.

An appeal is now launched under the auspices of the International Council on Monuments and Sites. Cheques should be sent to "The International Monuments Trust, Croatia Appeal", c/o Lady Beresford-Pierse, 34 Cadogan Square, London, SW1X 0JL.

Gloriana

STATE THEATRE, MAINZ

Apart from isolated foreign tours by Sadler's Wells and English National Opera, this is only the second time *Gloriana* has been staged outside London, and Mainz has scored an unmitigated triumph.

At first glance Britten's Coronation opera seems a curious choice for a minor German house. But his other stage works are being performed ever more frequently in Germany, the video of Colin Graham's ENO production of *Gloriana* has done good mileage on continental television and the Mainz management just happened to foresee that 1992 was the 40th anniversary of our present monarch's accession to the throne. The chance to revive Britten's study of a dutiful queen growing old was too good to miss.

Mainz's anglophile interest doesn't stop there: the concert programme for the next three months includes no less than three important Elgar works and Delius's "Walk to the Paradise Garden", apparently the choice of the local music director, Peter Erckens. But it was his deputy, Günther Bauer-Schenk, who supervised the opening night of *Gloriana* with such assurance and an unmistakable grasp of Britten's rhythmic and textural palette. Far from revealing traces of self-consciousness or pastiche in the score, this performance pointed up its sincerity and range of invention, its cumulative punch and psychological perception. The full-strength Mainz orchestra sounded very impressive indeed – much more so than the underpowered chorus.

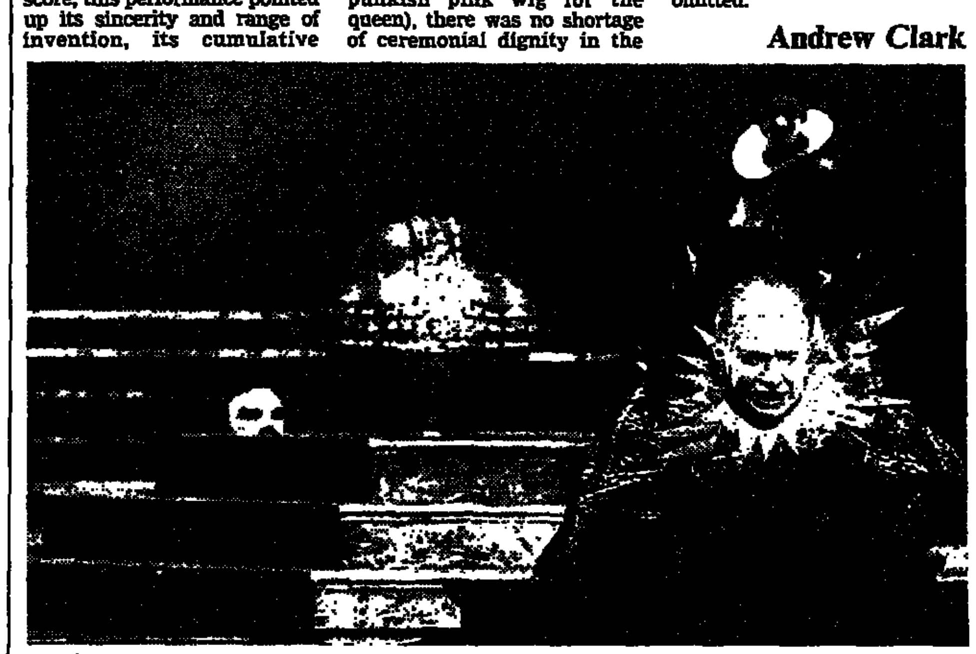
The Swiss stage director and designer Martin Schlumpf maintained the work's period flavour, but with discreet modern echoes (liberally supplemented in the programme book) which added a touch of irony to the proceedings – underlining that the theatre of monarchy remains the same today, even if its powers and personal dilemmas have changed. The opening scene, for example, featured a crowd of flag-waving royal-watchers, kept in place by a police cordon; during their fireside discussion, Cecil helped himself and the queen to tea from a trolley, dwarfed by an ancient wall-map in which Britain dominated the contours of the modern world; and Elizabeth herself was complete mistress of the 20th-century royal wave.

The pared-down representational decor – a heraldic banner and arch in the opening scene, a golden globe in the queen's ante-chamber, a star-lit bower for Essex's garden – kept the action moving swiftly and atmospherically. With silver-grey gowns and bustles for the ladies, stylised ruffs for the men and a dash of colour for the principals (including a punkish pink wig for the queen), there was no shortage of ceremonial dignity in the Act two ball, which ended in a flickering red glow as the dancers made merry into the night. Schlumpf's handling of the "private" scenes – the suggestion of physical passion beneath the royal mask, the shock of discovering royalty off-guard – was equally masterful.

None of this would have counted without the wealth of characterisation provided by a well-integrated ensemble of singers. Struck by a virus just before opening night, Edith Fuhr was able only to act the part of Elizabeth, but she did so with dignity and stern strength of character. The role was sung from the side of the stage by Anna Sylvan, a member of the chorus who had studied it of her own free will, and who possesses a lustrous soprano of ideal proportions. It was a pleasure to applaud two artists for such a smoothly synchronised performance.

John Treleaven captured Essex's impetuous, flawed ambition, but lacked the sweetness and purity of tone for "Happy were he". As the principal courtiers, Angelika Rode, Elaine Woods, Hannu Niemelä and Peter Anton Ling gave strong support. The performance was sung in Egon Waldmann's German translation, which misses the poetry of the original. The first scene of Act two (the assembly and masque at Norwich) was omitted.

Andrew Clark



Edith Fuhr as Queen Elizabeth the First

Le nozze di Figaro

THEATRE ROYAL DE LA MONNAIE, BRUSSELS

To describe the outgoing artistic director, musical director and *maître de danse* of Brussels's Théâtre Royal de la Monnaie as a team would be euphemistic. Anyhow, that trio recently left the Monnaie together, bowing out by bowing to Mozart. It is strange to think of the Monnaie as it now is: no Gérard Mortier, no Sylvain Cambreling, no Mark Morris. And yet they were already invisible in their new, farewell staging of *Figaro*. Morris directed and Cambreling conducted, but they were wholly transparent.

I have never seen *Figaro* less "produced" or more musical. Simply, we saw the singers behaving, in character, to the music with utter spontaneity and consistent detail. We saw a real world onstage, small and intimate, where everyone knows each other. What a rare achievement this is amid an era of style-laden and concept-heavy productions.

It is full of life. The setting is thoroughly Spanish (men and women all use fans, as naturally and characterfully as the hands that hold them), the period (rather pre-Beaumarchais) somewhere between Velasquez and Goya, the household far from lavish.

The eye is drawn throughout to details of character and drama. Cherubino's eyes briefly blaze when the Count calls him "picciol serpente"; a quick exchange of looks between Figaro and Susanna summed up their intimacy in a trice. The Countess sings her great accompanied recitative while slowly descending a staircase, lost in thought. The fact that she does not see Cherubino disappearing with Barbarina lends one poignance to the scene; and the way she seems suddenly to fall down a single step while exclaiming "O cielo!" adds another.

Adrienne Lobel's decor is a blight on proceedings. I liked its economy (each act occurs on a separate face of a revolving set) and its lack of glitz; and it placed all the action on a small area at the front of the stage. This tightness lent ideal intensity to the great ensembles. But the set's outlines are Toytown, its Spanish colours Day-Glo. The effect is postmodern-tacky – especially wrong in so modest a staging. However, *Martin Pakledinaz's beautifully simple* costumes and James Ingalls's atmospheric lighting serve to integrate this place with what occurs within it.

What a beautiful house for Mozart the Monnaie is; I have never heard so many of da Ponte's words. And Sylvain Cambreling's conducting was as unobtrusive and as revealing as the production. I noted in particular a terrific drumroll crescendo in the Count's aria and the witty oboes in the Act Four finale as Figaro and Susanna are reconciled, but what mattered more were the pellucid texture and the perfect "speaking" pace. Only his own, rather laborious, harpsichord accompaniment to the recitatives drew attention to the workings of the machinery.

The singers seemed to create both production and score as they went along; I have no higher compliment. (The good-spirited way they coped with doors that either would or wouldn't stay shut heightened this impression.) José van Dam – the Belgian hero at home – was an exceptionally credible Figaro, *both stern and buffo, never cute*, thunderous in anger or reproof; and Dale Duesing, though too hard-pressed at either extreme of his voice, was a vivid, intense Count – singing his aria sitting tight in his chair as if bottled up and about to explode – with superb gestures of hands and fan.

Elzbieta Szmytka, a bright Susanna, was all clarity, spontaneity and *cherishable nuance*. The Countess was Hillevi Martinpelto, occasionally stiff as an actress but making a great impression with her phenomenally clean entry into notes. Cherubino (Monica Baccelli) and Barbarina (Laura Cherici) were both young, Italian and unusually appealing in voice and detail. Magali Chalmeau Damonte made much of Marcellina's aria; and Basilio and Bartolo flourished *in the veteran hands of Ugo Benelli* and Jules Bastin. I could pick holes if I chose – I heard some aspirate from several cast members – but I can't bear to.

Alastair Macaulay

Mary Stuart

BATTERSEA ARTS CENTRE

Friedreich von Schiller's *Maria Stuart* (Weimar, 1800) has endured because he found drama in history and created a fictional meeting between Queen Elizabeth and Mary Stuart, then the most influential women in Europe. Schiller's spark has ignited a bonfire of imitations; some, outrageously funny (Theatre Wilde Mischung Berlin), and others, like Dacia Maraini's version now at the Battersea Arts Centre, powerful and lyrical testimony to the linked fortunes of two uncompromising monarchs.

Mary was executed at Fotheringay Castle on February 8 1587. She had spent 19 of her 44 years in prison. She was buried at Peterborough and then removed to Westminster Abbey in 1612. By then, her son, James, was king of England. The contrasts with her childless cousin Elizabeth are the fabric of Schiller's play: marriage or single life, exile or rootedness, romance or realpolitik.

The Battersea Arts *Mary Stuart* takes place in a dressing room and opens to the strains of Mick Hucknell and Simply Red. One suspects director Nicolette Kay (who in turn translated Dacia Maraini's version from the Italian) has the regal coiffure in mind. But that is the evening's only levity. Pointed, meticulous acting from Anne Firbank (Elizabeth) and Louise Jameson (Mary) keep Schiller's issues alive: "History," says Elizabeth, "asks for a choice: either her or me." And Mary writes to Elizabeth on the eve of her execution, "Europe is about to watch you behave justly."

Both actors play the lady-in-waiting to their opposite, creating an easy symmetry and continuity in the evening. While Mary dreams of the Earl of Bothwell, Elizabeth bullies the Parliament; while Mary goes barefoot to the block, Elizabeth stomps around in black work-boots. The production also emphasises the connections as well as the contrasts, trying to show that the ties between women are the strongest and most lasting. It rests on a shrewd feminist regard for the personality that kept Elizabeth in power and Mary in patient exile.

What this *Mary Stuart* adds to Schiller is an undercurrent of sexuality. Elizabeth taunts her maid with sexually violent language or summons a stable-boy strip-o-gram. Mary remembers herself with a face "flushed by the wind" leading her men into battle. On one side of the stage, Mary gives birth to James; on the other, Elizabeth rails about her dry, barren womb. But there is gentler wisdom from the Virgin Queen: "love is the consent you give to your own subjection".

Andrew St George

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Peter Zazofsky and Daniel Blumenthal give a recital for violin and piano. Tomorrow: Hartmut Haenchen conducts choral music by Brahms and Schubert. Wed, Thurs and Sun afternoon: André Previn begins two weeks of concerts with the Royal Concertgebouw Orchestra. Sun evening: Frans Brüggen conducts Bach's St John Passion (6718 345)

Beurs van Berlage 20.15 Heinrich Schiff is director and cello soloist with the Netherlands Chamber Orchestra in music by Takemitsu, Haydn and Dvořák. Wed: Nieuw Sinfonietta Amsterdam plays Schoenberg and Schnittke. Sun: Martin Sieghart conducts Bruckner's Second Symphony (6270 466)

Muziektheater 20.15 Dutch National Ballet in three Balanchine choreographies. Runs till March 4, with next performances tomorrow and Fri. Wed: Die Frau ohne Schatten (6255 455/credit card bookings 6211 211)

■ ATHENS

Concert Hall 20.30 Dimitris Agrafiotis conducts the Athens State Symphony Orchestra in music by Honegger, Beethoven and Vaughan Williams, with Andrei Gavrilov piano soloist. Tomorrow, Thurs, Sat and Sun: opening concerts in a series devoted to chamber music by Brahms, Schumann and Mendelssohn (722 5511)

■ BARCELONA

Gran Teatre del Liceu 21.00 Antoni Ros Marba conducts Jose Carlos Plaza's production of Roberto Gerhard's The Duenna, with a cast including Sharon Cooper, Felicity Palmer and David Rendall. Runs till Feb 20, with next performances on Wed, Fri and Sun (412 1466)

Palau de la Musica 21.00 Soloists' Orchestra of Catalonia in an all-Mozart programme. Wed: Vladimir Spivakov and the Moscow Virtuosi. Fri, Sat and Sun morning: Barcelona City Orchestra. Sun evening: José Carreras (268 1000)

■ BERLIN

MUSIC

Schauspielhaus 20.00 Miltiades Caridis conducts the Berlin Symphony Orchestra. Tomorrow, Wed and Thurs: Kurt Sanderling conducts the Berlin Philharmonic (East Berlin 2090 2156)

SFB Grosser Sendesaal 20.00 Vladimir Ashkenazy conducts the Berlin Radio Symphony Orchestra in Mendelssohn's overture The Fair Melusine, Berg's Altenberg Lieder (soloist Brigitte Balleys) and Dvořák's Eighth Symphony. Sat: Ashkenazy conducts Dvořák, Elgar and Strauss (3027 242)

Komische Oper 19.00 Rolf Reuter conducts Harry Kupfer's production of Le nozze di Figaro. Tomorrow: Swan Lake. Wed: Der Freischütz. Thurs: Orfeo ed Euridice. Fri: ballet evening. Sat: La bohème. Sun: Die Zauberflöte (East Berlin 2292 555)

Staatsoper unter den Linden 19.30 Mozart and Salieri double bill in the Apollo-Saal. Tomorrow: Entführung. Wed: ballet triple bill. Thurs: Così fan tutte. Fri: Der Freischütz. Sat: I vespri siciliani. Sun: Die lustigen Weiber von Windsor (East Berlin 2004 762)

THEATRE

East Berlin: the Volksbühne has a new production of Goethe's Iphigenie auf Tauris opening on Wed, directed by Wera Herzberg with Heidemarie Schneider in the title role. The repertory also includes Schiller's The Robbers tonight, Shakespeare's Comedy of Errors on Sat and Büchner's Woyzeck on Sun (282 3394). Tonight's performance at the Deutsches Theater Kammerspiele is a single-evening adaptation of Shakespeare's Henry IV plays. The repertory also includes Ibsen's Ghosts on Thurs (2871 225).

West Berlin: the Schaubühne has Luc Bondy's new staging of Botho Strauss' Schlusschor tomorrow, Wed and Sun (890023). The Schiller Theater Werkstatt has a new production of Nick Whitby's play Dirty Dishes (tomorrow) and an adaptation of Shakespeare's Macbeth (Sat and Sun). The repertory in the main theatre includes Gerhart Hauptmann's tragi-comedy The Rats (tomorrow), directed by Alfred Kirchner (3195 236).

■ CHICAGO

Orchestra Hall 19.00 Daniel Barenboim conducts the Chicago Symphony Orchestra and Chorus in a concert performance of Così fan tutte, also Sat. Wed: Le nozze di Figaro. Thurs: Don Giovanni. Sun: chamber music by Dvořák, Martinu and Brahms (435 6666)

■ GENEVA

Grand Théâtre 20.00 First night of Francesca Zambello's new production of Benvenuto Cellini, conducted by John Nelson, with Chris Merritt in the title role. Runs till Feb 25, with next performances on Thurs and Sun (212311)

■ LONDON

Royal Festival Hall 19.30 Lothar Zagrosek conducts the BBC Symphony Orchestra in Strauss's Suite Op 4, Schumann's First Symphony and the world premiere of Benedict Mason's Concerto for the viola section. Tomorrow: Academy of St Martin in the Fields. Wed and Sun: Simon Rattle conducts the LPO. Thurs: John Lill plays Beethoven. Sat: Claus Peter Flor conducts the world premiere of a new orchestral work by Nigel Osborne (071-928 8800)

Covent Garden 19.00 Bernard Haitink conducts Johannes Schaaf's production of Don Giovanni, with Thomas Allen, Bryn Terfel, Carol Vaness and Karita Mattila, also Fri. Tomorrow: Così fan tutte. Wed: Le nozze di Figaro. Thurs: ballet triple bill. Sat: Giselle (071-240 1066)

Coliseum 19.30 James Holmes conducts Richard Jones' ENO production of Die Fledermaus. Tomorrow and Fri: Xerxes. Wed: Königskinder. Thurs: revival of David Pountney's production of Kurt Weill's Street Scene (071-836 3161)

■ MILAN

Teatro alla Scala 20.00 Lorin Maazel conducts the Orchestra of La Scala in Prokofiev's First Violin Concerto (soloist Frank Peter Zimmermann) and Mahler's Fifth Symphony. Tomorrow, Wed, Fri and Sun: Arabella (7200 3744)

■ NEW YORK

Blue Note Jazz Club and Restaurant This evening's guest artist is Vanessa Rubin (shows at 21.00, 23.00 and 01.00). The rest of the week (shows at 21.00 and 23.30) is given over to Dianne Reeves. Next week: Diane Schuur (475 8592)

Metropolitan Opera Tonight at 19.30: Christoph Prick conducts Tannhäuser, with Anne Evans, Tatiana Troyanos, William Johns and Andreas Schmidt. Tomorrow and Fri: Turandot. Wed and Sat: Il barbiere di Siviglia. Thurs: Un ballo in maschera (362 6000)

Avery Fisher Hall This week's New York Philharmonic concerts are conducted by Andrew Davis. Tomorrow's programme includes Elgar's First Symphony. Thurs, Fri, Sat: symphonies by Schubert and Sibelius (875 5030)

Carnegie Hall Riccardo Muti conducts the Philadelphia Orchestra in tomorrow evening's concert performance of I Pagliacci, with Luciano Pavarotti. Fri: New York Pops (247 7800)

■ PARIS

Théâtre de la Ville 20.30 Gil Shaham, accompanied by Gerhard Oppitz, plays violin sonatas by Beethoven, Brahms and Prokofiev. Tomorrow till Sun: Bernard-Marie Koltès play Roberto Zucco (4274 2277)

Châtelet 19.00 Arditti Quartet plays Webern, Berg and Schoenberg (in the Auditorium), with an alternative programme on Wed and Thurs. Tomorrow in main theatre: Armin Jordan conducts the Ensemble Orchestral de Paris. Wed: Charles Dutoit conducts the Orchestre National de France. Fri: Frankfurt Ballet opens a two-week season (4028 2840)

Palais des Congrès Kiev Opera Ballet in Sleeping Beauty tomorrow and Sun, La Sylphide on Wed and Thurs, Nutcracker on Fri and a soloists' evening on Sat (4068 0006)

Palais Garnier Tomorrow, Frans Bruggen conducts the Orchestra of the 18th Century in Bach's St John Passion. Wed to Sat: Stuttgart Ballet in John Cranko's Onegin (4017 3535)

Opéra Bastille Tomorrow and Fri: Lady Macbeth of Mtsensk. Wed and Thurs: Paata Burchuladze in songs by Mussorgsky (4001 1616)

■ ROME

Teatro dell'Opera 20.30 Daniel Oren conducts Franco Zeffirelli's production of La bohème. Ten further performances till March 5, with casts including Mirella Freni, Giuseppe Sabbatini and Nicolai Ghiaurov (488 3641)

■ VIENNA

Musikverein 19.30 Küchl Quartet plays string quartets by Otto Nicolai, Prokofiev and Dvořák. Repeated on Wed and Fri (505 8190)

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MONDAY TO FRIDAY

CNN
0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Super Channel
0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
2130-2200 (Thurs) Talking Heads – international issues

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530, (Thurs) FT Business Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week

SUNDAY

Super Channel
1800-1830 FT Business Weekly

Sky News
1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN
1600-1830 World Business This Week

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Monday February 10 1992

Keeping Nato upright

IF ONE message came through from the annual Wehrkunde (defence studies) conference in Munich this weekend, it was that security is no longer, if it ever was, purely a matter of armies and weapons. In the post-Cold War world, political and above all economic action will often have a more direct effect on people's security than military preparations.

Nowhere is this more true than in the transatlantic relationship. Arguments between the US and its European allies over trade and other economic issues are not new, but in the past they were overshadowed by the military alliance, which both sides recognised as of primary importance. Now, with the disappearance of the Soviet threat, this "security glue" can no longer be relied on. Europeans may think they no longer need American protection; Americans, wrestling with severe economic and social problems of their own, are tempted to make savings on overseas commitments.

In that context trade disputes can loom larger. American speakers at the conference, from Vice-President Quayle downwards, stressed the vital importance of the Uruguay round, not only for trade but also for the maintenance of the alliance itself. Nothing, they said in substance, is more useful to US isolationists than the spectacle of Europe adopting a protectionist stance.

Failure to reach agreement before Easter will leave US presidential and congressional candidates free to use America's trading partners – Europe as well as Japan – as whipping boys in the election campaign, and this would hardly improve the chances of sustaining a long-term US commitment to European security.

Stable feature

That such a commitment is necessary was accepted by right and left alike at the Munich conference. Nato is one reasonably stable feature in an extraordinarily fluid European security scene. The Conference on Security and Co-operation in Europe, whatever its longer-term role, is too sketchy a structure in its present form to inspire confidence in states that see the fate of Yugoslavia staring them in the face.

Yet, like a bicycle, Nato needs to move forward if it is to stay upright. As one shrewd American observer pointed out, telling Americans that Europe wants them to stay may not be enough, unless Nato can demonstrate that it has a real task to perform in the new circumstances. And, since eastern Europe's demand for security is the most vociferous, it is there that Nato has to demonstrate that it has something to offer.

More cautious

Mr Manfred Wörner, the alliance's secretary-general, suggested that it is doing so, through the newly created North Atlantic Cooperation Council which all ex-Warsaw Pact members and ex-Soviet republics have been invited to join. He mentioned that the republics had contacted Nato to help them sort out their quotas of conventional forces under the CFE Treaty. But he was more cautious about offering them full membership or hard security guarantees.

Yet that issue will have to be confronted soon. What has given the states of post-war western Europe their unprecedentedly high level of security has not been vague structures of co-operation but a firm commitment to each other's defence, plus integration of their military command structures and (through the EC) their economies, all based on shared democratic values, although this last point was fudged when Greece, Portugal and Turkey were Nato members with authoritarian governments.

In the new situation, all the states from Russia westwards are struggling to adopt those values, and looking to Nato to help them achieve enough stability, internal and external, to give them some chance of success. Although Nato likes to think of itself as a mutual defence pact, rather than a collective security pact guaranteeing its members against each other, the fact is that it has done both. If it has really "won the Cold War", as its leaders like to proclaim, it should prepare to welcome as members all those east European states that are ready to undertake the very serious obligations involved.

Lies, insults and smears

There is nothing so absurd as the sound of British politicians in mortal fear of losing an election. If one were to judge the contestants solely by the tone of the campaign over the past few days the verdict is inescapable. None of them deserves to win. Neither of the two larger parties has sought to promote a credible programme of radical domestic reform. As to the Liberal Democrats, some of their ideas may be suitable material for debate, but that is of little assistance to the voter who wishes to make a choice between parties likely to be able to form a government.

The first speech of an unedifying weekend was delivered by Mr Neil Kinnock on Friday. He sought, reasonably enough, to pin the blame for the recession on the Conservatives. His rhetoric led him into a personal attack on the prime minister as "an architect of cardboard city"; for Mr John Major to pretend otherwise was "deceit or self-delusion." Yesterday the shadow foreign secretary, Mr Gerald Kaufman, developed a similar theme. He asserted that Mr Major offered "fibs and fictions about what the Labour government will do and flights of fantasy about what the Tories would do".

Mr Major, who has stood aloof from direct attacks on Mr Kinnock, was content on Saturday to greet with a smile the hiss coming from assembled young Conservatives when he mentioned Mr Kaufman's name. The prime minister did fantasise about the Labour party, asserting that it would raise the standard rate of income tax to 35 per cent. The opposition's policies, he said, would mean "perpetual recession and terminal decline". The chairman of the party, Mr Christopher Patten, spoke of "Labour's double whammy – taxes up, prices up, economy down, living standards down".

Rough and tumble

This kind of accusation is part of the rough and tumble of politics. It would not be out of place two or three weeks before polling-day. Its use now, nearly nine weeks before the likely election date of April 9, is explained by the failure of either of the two larger parties to gain a decisive opinion-poll advantage over the other. They still stand neck and neck, the lead in this or that poll over the past month being well within the statistical margin of error. This parity of public esteem is partly due to the perceived similarities between the contestants. The Conservatives have no really new overall vision to offer and a highly questionable record to defend. Labour needs to prove its pretensions to respectability, which it is doing at the cost of offering little of genuine substance in spite of its voluminous policy proposals.

Knock down

In consequence the Conservatives are trying to set Labour up in order to knock it down during the final weeks of electioneering. A budget that reduced the standard rate of income tax by 1p would be a challenge to Labour to repeat its undertaking to put the 1p back on. The chancellor is under some pressure from his colleagues to play this card. Saturday's pledge by Mr John Major to complete and deploy the fourth Trident submarine leaves Labour vulnerable to the charge that it would countermand the order. In the first instance Labour would be shown to be a party of high personal taxation, in the second, it could be called soft on defence. Labour, for its part, is trying to focus attention on the failings of the Conservatives since 1979.

Tax and defence policies are important, and should be fully aired. There are, however, other issues to place before the electorate. The government has evolved a broadly positive strategy for education. Mr Major did explain education policy to the young Conservatives, although very much in headline terms.

The government's health reforms are vulnerable to the charge that while the theory may be sound there are many unavoidable cruelties in the implementation. The Labour and Liberal Democrat proposals for constitutional reform need a more rational response from the Tories than a blanket refusal to contemplate any change. In short, the prime minister's call for a "clean" election should be amended. What is required is a serious political debate.

Money, mark two

David Gardner on the EC's new five-year budgetary plan

The EC's strained national treasuries can be relied upon to search for evidence of padding, trimmings, or agendas to which they do not subscribe, when on Wednesday the European Commission unveils its five-year plan to expand and redistribute the Community budget.

Brussels is not presenting a mere budget, but putting forward the financial framework within which it thinks the process of European political and economic integration, agreed by EC leaders at the Maastricht summit in December, will work.

It will be a carefully assembled package. It will have to be, to achieve not easily compatible aims and get the 12 member states to agree priorities for the next five years by the Lisbon summit in June.

The Commission's broad political aims are: to extract more money from the member states at a time of recession and national budget tightening; to ensure that in so doing it does not re-open the budget disputes which paralysed the EC in the early 1980s; and to try to match these resources to the ambitions of the EC's new treaty on political union and economic and monetary union.

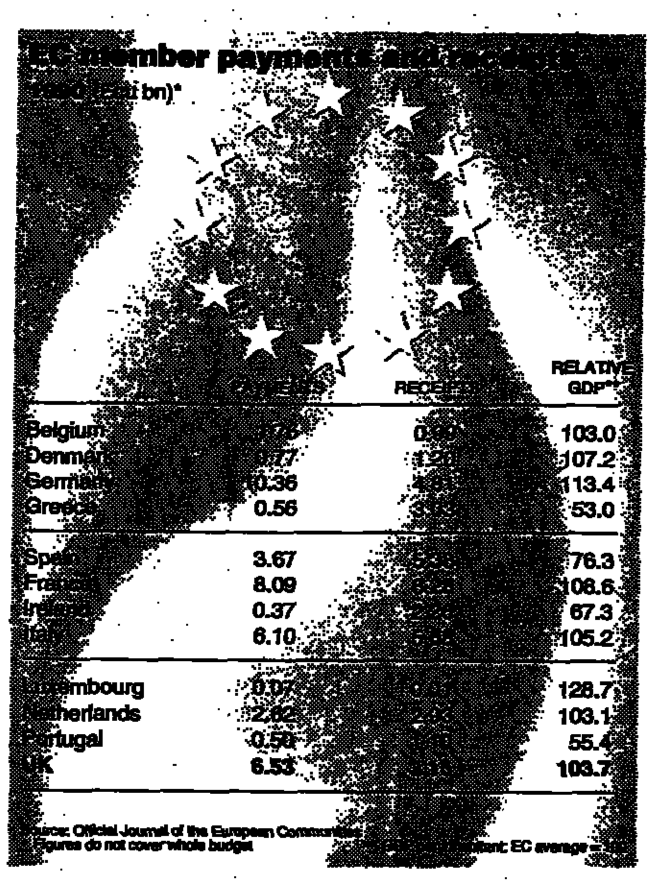
The treaty was formally signed last Friday in Maastricht, but will take most of this year to ratify. Demands for more money by the poorer, southern member states were conceded at Maastricht. But the richer states, led by Germany, are certain to want to limit the extent to which they have to finance their less-developed partners. Hard budgetary bargaining could spill into the national debates on ratification in each member state.

It took a year and two fraught summits, in 1987 and 1988, to agree the EC's first medium-term financial plan, called the "Delors package" after Mr Jacques Delors, the Commission president. Mr Delors is said to regard the 1988 budget deal as his most important achievement in seven years in Brussels. It started a momentum which allowed the EC to advance further in four years than in nearly four decades – towards the single market, and to the Maastricht treaty.

A lot is at stake, therefore, in how well Brussels manages the "Delors II" package. As one senior Commission official put it: "Whenever we argue about money, everything comes to a halt." If the review were to degenerate into a table-thumping wrangle it could block, if not derail, the union train.

That is one reason why Brussels will be suggesting only a modest budgetary increase. Officials said yesterday it would seek to raise the revenue ceiling to 1.37 per cent of Community gross national product, from the limit of 1.2 per cent allowed now. To put this in perspective, the Commission in 1987-88 had originally sought a 1.4 per cent of GNP ceiling. This time, a senior budgetary official says, Mr Delors will not go after more, in order to negotiate less: "Tactically, he believes it is more credible to ask for what you want and need."

The 1.2 per cent limit proved flexible because of higher than expected growth and tight budgetary discipline. This year's budget of nearly Ecu66bn ($85bn) is well under the ceiling at 1.14 per cent. But there can be no certainty about the Commission's growth assumptions for 1993-97, while it is already clear that spending on agriculture and regional development, the EC's two big budgets, will absorb at least three-fifths of increased revenue.



This leaves little over to finance the greater commitments the EC is assuming abroad, particularly as the Common Foreign and Security Policy agreed at Maastricht takes shape. Though this will be run between the governments of the 12 as a form of multilateral co-operation, it is the EC, through the Commission, which will have to provide much of the external aid to underpin it. Nor will there be much money for the industrial restructuring policy through which Mr Delors wants to strengthen European manufacturing – and in which Commission free marketeers already suspect a French-inspired plan to back "Euro-champions" against Japan and the US.

On the assumption of an average of 2.5 per cent annual growth in Community GNP during the five years, the total budget would reach just over Ecu88bn in 1997, at 1992 prices – a modest rise when set against the EC's increasing responsibilities.

The revenue side of the EC budget is an accretion of instruments jumbled together over the years, in a way which regularly creates resentment among member states which feel they are not getting a fair deal. The UK has been getting a rebate since 1985 – worth Ecu3.3bn last year – thanks to former prime minister Mrs Margaret Thatcher's advocacy. Spain has successfully insisted that the south and periphery of the EC (Spain, Portugal, Greece and Ireland) need greater fiscal transfers to have any hope of joining the currency union which will be created by 1999 at the latest.

To reduce opportunities for squabbling, long-mooted plans for a new source of revenue linked to member states' relative prosperity have been shelved in favour of making greater use of the so-called "fourth resource". This is the payment linked to each country's size of GNP. But up to now it has been used only as a balancing item, making up the difference after customs duties, agriculture levies and the EC's share of value-added tax receipts come in. VAT revenue provides more than half the budget, penalising countries with high consumption and low savings.

Beyond this rebalancing of revenue, "Delors II" envisages doubling regional aid to the poorest four countries. This effort would raise the Structural Funds – for laggard and industrially stricken regions – from Ecu17.7bn this year to Ecu29bn (at 1992 prices) in 1997. The four poorest countries will get their doubling through the new "cohesion fund" agreed in Maastricht. This would be worth about Ecu2.5bn by 1997 and enable them to meet EC environmental standards and build cross-border transport links.

The biggest spender will remain the Common Agricultural Policy (CAP). The CAP still absorbs 54 per cent of spending, and because it rewards Europe's richest farmers most, is the main reason why the Dutch and Danes do unjustifiably well out of the budget. This should change if the Commission wins acceptance of its plan to reform the CAP. Under the reform, farm spending would rise from about Ecu35.3bn this year to Ecu38.6bn in 1997, but it would be more evenly spread across the EC. Additional allocations will be needed in 1995-96 to get over a short-term spending hump, when CAP costs would reach nearly Ecu40bn.

The external aid budget will be made a separate rubric, and get a bigger proportional increase, from Ecu3.3bn now to around Ecu6bn in 1997 at 1992 prices – along with a new reserve of about Ecu1bn. This novelty aims to enable the EC to react rapidly to calls for humanitarian and food aid. Unforeseen aid demands have caused five budget revisions since 1989, leading to long disputes between the Council of Ministers (of the 12) and the European Parliament, and politically embarrassing hold-ups in delivering the aid.

The reserve would also underwrite EC loan guarantees, which now stand at more than Ecu10bn. This, a senior official says, should enable the EC to lend more, while guarding against default, and target the aid budget on technical assistance – "to transfer know-how, not build roads; loans are for that". Eastern Europe, the Maghreb countries and the Middle East will be the priority recipients.

Most commissioners now appear to agree that Mr Delors' wish to finance restructuring, retraining and research in the car, electronics, defence and textiles industries is more than a wheeze for troubled French companies such as Thomson and Renault to get round restrictions on state aid. The two core ideas are to bring some research and development spending closer to the market, enabling a response to innovation in industry, and to use part of "Social Fund" spending on long-term and youth unemployment to intervene to prevent job losses through retraining programmes. What is likely, officials say, is that companies will tap something like Ecu4bn at today's prices – against current R&D spending of Ecu2.6bn and Ecu1.7bn in Social Fund money not tied to regions.

Though in theory any company will be able to apply, France has the industrial support system best geared to scoop up these funds. The southern countries, which already do badly out of the R&D budget because of their low research base, are likely to resist any further drift northwards of funding. Even this modest amount could cause ructions in what will be a very delicately poised exercise.

Crunch in the skies

Paul Betts on efforts to ease air traffic congestion

Thirty years ago, a British European Airways flight from London to Paris on a Vickers Vanguard turbopropeller-driven aircraft took exactly one hour. Today, the same journey on a new British Airways Boeing 767 jet is scheduled to take five minutes more.

Despite advances in aircraft design and the introduction of the jet engine, the average journey time on short-haul routes (one hour or so) takes longer these days because of congestion in European skies and on the ground at busy airport terminals.

Even the slump in air travel caused by the recession and the Gulf crisis last year has done little to ease the problem. BA calculates that delays in its operations last year at London's Heathrow airport alone totalled 233 days. Lufthansa says it loses about DM100m (£35m) a year through delays.

The Association of European Airlines (AEA), which represents 22 European airlines, estimates the total cost of air traffic disruptions in Europe at about $4bn a year. The International Air Transport Association (IATA) forecasts that this is likely to worsen to some $10bn a year by the end of the decade if nothing is done to improve the situation.

The problems of European air traffic control are not new. But the issue is coming to a head with a recent warning from Mr Giovanni Bisignani, the new AEA chairman and managing director of Alitalia, that Europe's fragmented and inadequate system could lead to another hot summer of delays and cancellations, and, in the longer term, to a capacity crunch in Europe's skies.

The warning coincides with both a recovery in European air traffic this year after a 7 per cent fall last year and the completion of a detailed report by Eurocontrol, the Brussels-based European air traffic control body, concluding that the problems are much greater than had been thought.

The two-year study was commissioned by the transport ministers of the 33-nation European Civil Aviation Conference (ECAC) in 1990 as the first phase of an overdue programme to try to harmonise and integrate Europe's disorderly patchwork of different air traffic control systems by the end of the decade.

Transport ministers will consider the report's findings at a meeting in London next month to launch the next phase of ECAC's European Air Traffic Control Harmonisation and Integration Programme.

Of 52 European air traffic control centres evaluated, half were found to have "significant deficiencies" requiring "a major system upgrade"; 24 per cent had "major deficiencies" needing a completely new system; 9 per cent had "some deficiencies"; and only 17 per cent had "no deficiencies" at all.

However, all the centres share one big deficiency. They are incompatible. "The 51 centres from which information is available have some 31 different systems, using computers from 18 different manufacturers with 22 different operating systems and 33 different programming languages," the report says.

By contrast, the US, which controls nearly three times Europe's airspace, operates a single system in 20 centres. Investment in air traffic control systems in Europe has also lagged way behind spending in the US.

But perhaps the biggest problem is political. Some countries, such as Greece and Portugal, have low priorities in their national spending targets for new aviation infrastructure programmes compared with Britain, France or Germany. But even these countries are divided on how to resolve Europe's air traffic control problems.

Germany, for example, has been pressing for the development of a single, unified system using the same equipment throughout Europe. But the UK argues that the German proposal is unworkable and is recommending integrating the existing European systems.

"You cannot stop traffic for even one day while you develop a parallel system," says Mr Derek McLauchlan, chief executive of National Air Traffic Services at Britain's Civil Aviation Authority.

According to Mr McLauchlan, the multiplicity of air traffic control equipment in Europe is not a fundamental problem. He says a more realistic approach to improve European air traffic controls to adopt common standards to enable them to communicate.

But many in the industry are sceptical about the prospects of improvement. "The chances of getting governments to agree are limited," says Capt Philip Hogg, who is in charge of air traffic control affairs at BA. "But if there is not the political will, the public outrage in 10 years will be so great that no government will be able to withstand the political pressures."

The airline joke is no longer "breakfast in London, lunch in New York, baggage in Rome", but "breakfast in London, lunch at Heathrow".

Correction
Mr Miyazawa

Mr Kiichi Miyazawa, the Japanese prime minister, was wrongly quoted in a feature on Saturday as saying: "When the US acts like a dictator over Japanese businesses, then we feel contempt towards the US." The comment should have been attributed to Mr Takayoshi Miyagawa, a public opinion poll expert.

OBSERVER

Bussing in the Royals

■ Since Britain is suffering one of its worst recessions ever, the Queen was right to veto plans to erect a fountain in her honour in Parliament Square. Asking the population to cough up £2m for a 25ft ornamental sprinkler at a time when many people are either out of work or homeless, would have been insensitive.

Nevertheless, if some loyal subjects want to celebrate her 40th anniversary on the throne in a material way, Observer has a suggestion. Why not follow the example of the Dutch, and buy the Queen a bus? True, it will probably have to be imported. But as Princess Diana has shown with her new Mercedes sports car, there is nothing wrong with that.

The idea of a royal charabanc is not as silly as it sounds. The Queen already has a 5,800 tonne yacht, a 14-carriage train, three jets and two helicopters, costing the British taxpayer over £18m a year. By contrast Queen Beatrix's new bus – a gift from the corporate sector – cost just over £100,000. Equipped with 12 plush arm chairs, lavatory and automatic coffee maker, it is described as "luxurious but not extravagant".

Queen Beatrix, who is probably considerably richer than her British counterpart, aims to travel in her new toy at least once a week. Not only is it significantly cheaper than the normal motorcade of six royal Dutch gas-guzzlers, but it is more environmentally friendly.

It's the sort of gift which might appeal to Prince Charles, at least.

Bi-partisan

■ The advertising agency BMP DDB Needham is clearly a Janus-like creature capable of presenting two faces at once. One is responsible for the government's £500,000 advertising campaign for the citizen's charter to improve the public services. The other is behind the £2m campaign launched by the public sector union NALGO attacking cuts in public services.

According to the current issue of Campaign, the advertising industry's house journal, BMP's double life is coming to an end. The Central Office of Information, which buys government advertising, is to fire BMP as its standby agency.

While the apparent conflict of interest would certainly offer a justification, the reason for the sacking is more prosaic. Some ministers apparently consider the citizen's charter ads too bland.

But there must be a suspicion that the government cannot stomach putting business the way of an agency whose chief executive, Chris Powell, is a co-ordinator of the shadow communications agency which advises the Labour Party on its campaigning.

He is also, incidentally, the brother of Sir Charles Powell, former foreign policy guru to the former prime minister.

Poor example

■ Meanwhile, I hear that Sir Frank Rogers, chairman of the Newspaper Publishers Association, is a mite embarrassed by the activities of some of his members.

For more than 20 years now, Sir Frank, who is also deputy chairman of the Telegraph group, has been urging the newspaper industry to fight the competition from TV by arguing the case for newspaper advertising collectively. In November and December the industry spent £7m on more than 140 full page ads with provocative copy lines such as " Some people are being conned by TV commercials. The people who pay for them."

"MI5 didn't touch my executive toys but they pinched all my computer games"

Unfortunately, some of Sir Frank's fellow publishers, led by the Mirror Group, don't seem to have much faith in their own message. Last month was almost certainly a record for newspaper spending on TV advertising.

Tyreless

■ Horst Urban is a hard man to keep down. Uncowed by his forced departure from Germany's Continental tyre giant last May, when it was trying to fend off the advances of Italy's Pirelli, he is carving out a new career as a management guru.

After a brief stint at the Treuhand privatisation agency in Berlin, the 55-year-old Urban has popped up as a senior management consultant with Price Waterhouse Corporate Finance where he will advise companies on strategy and operational tactics.

Not surprisingly, he feels vindicated by events at Conti, where Pirelli beat a humiliating retreat. It was mainly his robust defence of Conti's independence that led to his exit after disagreements with the supervisory board. He did not see eye-to-eye with the mighty Deutsche Bank, one of whose directors, Ulrich Weiss, heads that board.

So he is glad his new activities will not put him under the thumb of any bank. Hiding any bitterness well, his only aside is that he is "not alone in thinking the banks have too exaggerated a role on the supervisory boards of German companies." Weiss, for example, is also a non-executive director of Volkswagen and Fiat, as well as being responsible for Deutsche's activities in Italy.

War of words

■ Organisers of the world schools debating championships, which opened in London at the weekend, were pulled up on a point of order when the Pakistani team refused to debate against Israel.

The Pakistani coach told championship officials that the team risked a *Fatwa* - an Islamic death sentence – if they took the stage against schoolchildren representing the Jewish state. The week-long competition, sponsored by the Observer, was hastily reorganised to avoid an Islamic-Israeli showdown. Suitably pacified, the Pakistani team carried on to beat England in the first-round debate: "This house believes it is better for a leader to be feared than loved."

Fare Whack

■ Inflation is hitting Russia in a big way. Last December a single fare from Moscow to London cost 2,000 roubles. Now it will set you back 35,000 roubles. A reasonable annual salary is around 8,000 roubles. It seems a high price for the dubious pleasures of travelling via Aeroflot.

FT writers talk to Nelson Mandela about the ANC's policies on issues such as nationalisation

Answers that need repeating

MR NELSON Mandela has a credibility gap, and he knows it.

Fresh from rubbing shoulders with the elite at the World Economic Forum in Davos, Switzerland, the African *National Congress* (ANC) president wryly recalled the group discussions.

"They put all these questions, on nationalisation *or* violence, and I would deal with them. At the end they would clap." Mr Mandela paused, smiled ruefully, and added: "The following day, the same people raised the same questions. In spite of their ovations, I had to start all over again."

His Davos message – rethinking nationalisation, encouraging foreign investment in a post-apartheid South Africa, honouring external debt – had not been helped by apparently conflicting reports from Johannesburg. In his London hotel room last Friday, on his way home, Mr Mandela spoke to the Financial Times about a controversial week.

Reporting by Richard Lambert, Andrew Gowers, Caroline Southey and Michael Holman

During a two-hour exchange he revealed his growing doubts about nationalisation. He remained inflexible in his support for economic sanctions. He repeated his personal preference for a coalition government, "even assuming the ANC is returned with an overwhelming majority".

Sometimes he gave the impression of making policy on the hoof, as in his comments about alternatives to nationalisation. Sometimes he seemed ingenuous, taking at face value welfare donations from big business. But it was a remarkable performance: vigorous, articulate and good humoured.

Most of the questions raised, whether in Davos or by the FT, are not new. But as South Africa moves closer to a post-apartheid government, in which the ANC will have the prominent role, the answers become more pertinent.

It is two years ago tomorrow that the world's most famous political prisoner walked free after 27 years in detention. South Africa's reform process has become unstoppable. Political power is now moving from the white house of assembly to the multi-party Convention for a Democratic South Africa (Codesa), where negotiations over an interim government are on the verge of a breakthrough, says Mr Mandela. The ANC president has been central to the process, along with President F.W. de Klerk.

Neither man, however, can be entirely confident that his constituency will hold up as the transition unfolds. Mr de Klerk's ruling National Party is losing ground to the extreme right. *Mr Mandela has to keep* an eye on the left wing of the ANC, and an angry young generation who abandoned their classrooms for township barricades, and who are impatient for radical change.

But while the white right fears majority rule, it does not differ from Mr de Klerk on economic issues. For many black South Africans, however, economic policy could determine their vote: state take-over of *industry is synonymous with* rapid redistribution of wealth; and repudiating apartheid's debts can be readily justified.

Last week, these two critical issues came under rigorous scrutiny, both by Mr Mandela's black constituency and the business community. Mr Mandela's reassurances at Davos were, it seemed, being questioned by both blocs at home.

A draft of Mr Mandela's main address obtained by a *Johannesburg* weekly *business* magazine contained a section – dropped from the final text – which advocated putting "some key enterprises into public ownership".

And no sooner had Mr Mandela told delegates at Davos that an ANC government would honour external debts, than the ANC publicity department in Johannesburg raised doubts.

It issued a statement implying that the ANC might not, in fact, honour loans made to the "present illegitimate South African regime and its agencies". New foreign borrowing had to await the installation of a multi-racial interim government.

Since the main advocate of this view within the ANC is said to be Mr Cyril Ramaphosa, the party's secretary general and viewed as a potential successor to the 73-year-old Mr Mandela, the warning was significant.

Mr Mandela tried to put the record straight in London. Mr Ramaphosa – "a young man of considerable ability destined to occupy a very important position in our political life" – had not been accurately quoted. "He accepts the fact that it would be a disaster," the ANC president said, "to say we would not pay the debts entered into by the regime."

Tony Andrews

Mandela: 'We want to attract investment'

But while some questions were answered, uncertainties remained. A statement issued on Friday by Mr Mandela accepted "an obligation to pay foreign debts ... incurred by the present regime in the normal course of administration before financial sanctions were imposed by the international community". What, anxious creditors might ask, was "the normal course of administration" under apartheid?

Recent South African bond issues, the statement continued, are "totally unacceptable", an attempt to "bust financial sanctions adopted by the international community". Mr Mandela was asked what sanctions were being busted.

"The sanctions which have hit South Africa most are the financial sanctions," he replied, "because they cannot get loans from the International Monetary Fund (IMF) and the World Bank ... Banks which have now given a loan to South Africa are breaking those very sanctions."

Mr Mandela is right in his reference to the IMF and the World Bank. But the bond issues do not contravene any *law other than the one the* ANC leader went on to enunciate: "We have recommended to the international community that sanctions be applied against South Africa by everybody. And anybody therefore who violates those sanctions is not acting in the interests of the people of South Africa as interpreted by us."

If Mr Mandela seemed unrealistic on the issue of economic sanctions, most of which have been repealed, his comments on nationalisation suggested a fundamental change. The legacy of apartheid "cannot just be addressed through stimulating economic growth", he argued. "Without state intervention, it is impossible to achieve redistribution."

Two years ago, most ANC officials – including Mr Mandela – would have said nationalisation was the answer. Some officials still do.But Mr Mandela, citing advice from world leaders with credentials which he must hope will satisfy even the most radical of black South Africans, appears to have *undergone a change of heart*.

The collapse of communism has strengthened the hand of critics of nationalisation, he said. "What is more, we have had discussions with people like Li Peng, [prime minister of the Peoples Republic of China,] and they have given us a *different scenario*.

"Li Peng, the head of a Marxist state, has said that difficulties which they faced with their economy induced them to reduce state participation ... and they are considering other measures to reduce the involvement of the state. Now that was a *big shock!*" exclaimed Mr Mandela, relishing his anecdote and the chuckles from his audience.

Vietnam "was even more dis*illusioning to us*", *revealed* Mr Mandela, who is inclined to use the Thatcher "we". A senior minister told him how Vietnam had allowed "more scope to private enterprise and to reduce state participation. Very cautiously, very diplomatically, he suggested to us that we had to examine the question of nationalisation.

"We want to attract investment," he continued, "but nationalisation is the sword of *Damocles hanging above the* heads of the people who want to invest ... As long as nationalisation is our policy, it is clear to me that we are not going to attract investors."

He gave a clear indication of his thinking on nationalisation: the ANC should "be able to [achieve redistribution of wealth] without nationalisation". He suggested that he would prefer to redress the legacy of apartheid in other ways: tax reforms, partnerships with the private sector and by encouraging land redistribution through a land bank.

He was aware that a battle might be looming at the ANC policy conference next April. "I am not saying that my colleagues will be convinced that the time has come to *abolish* nationalisation." But he will tell them that they have to choose between nationalisation and foreign investment.

As at Davos, however, Mr Mandela may have to repeat his message before it gets through.

Parker prepares to write a new chapter

Gary Mead examines the image the pen maker is trying to maintain as it looks for a buyer

A return *to basics has* swung Parker, the now British-based pen maker, from loss to profit and put it on the lookout for a buyer with £300m to spare.

The movement from the loss-making days of the mid-1980s appears complete. But it has been a chequered path *since* the $100m management buy-out staged by Mr Jacques Margry, Parker's chairman, and his fellow executives in 1986. In 1987 and 1988 Parker twice aborted flotation plans. In 1988 it was the target of a failed friendly takeover offer of *£180m* by Pentland Industries, a British group that had made a fortune with a stake in the Reebok sports shoe business. Parker said at the time of its *June 1988 flotation that the* plan was abandoned because of stock market pessimism.

Back in the 1960s, there could hardly have been a finer symbol of meritocratic reward for a child who passed the 11-plus exam than to be given a rolled-gold Parker 61 fountain pen.

Mr George Parker, a Wisconsin teacher who founded the company in 1888, would have been proud; academy and commerce *linked through a symbol* not simply of status, but also of quality. Through most of its history, Parker has maintained strongly defined branding, focused on quality and steering clear of cheap disposability.

That brand image created loyalty. But loyalty is a fragile *emotion* in business; it needs nursing. In the early 1980s, Parker tried to propel itself into the mass disposable pen market, while keeping its up-market image for other products. Parker came unstuck.

Enter Mr Margry. His answer, apparently successful, has been to turn back the clock and return to the core brand value of quality.

A marketing specialist, he has been with the company for 42 years. A former group area manager covering Europe, Mr Margry has throughout tried to hold to a consistent marketing line: "Our strategy had always been to position Parker at the top of the market, not as a designer product, but as a high-quality product which *cost more but delivered more.*"

Mr Margry's strategy was not always followed. In 1976, Parker started a wide-front marketing battle, with a price war against one big competitor, Shaeffer, at the top end of the market, and a foray into the disposable pen business, *taking on the Japanese* with a ballpoint called Itala.

It was, for Mr Margry, a classic brand-confusing error. "By going down-market we confused the customer; the consumer no longer knew what Parker stood for. We were all over the place, dissipating the *advertising.*"

The Parker Pen Company decided to *sell off its* writing instruments division in 1985, following a series of losses which Mr Margry attributes directly to the marketing changes.

Following *the January* 1986 buy-out, Mr Margry's team brought Parker back into profit; 1987 showed pre-tax profits of £13.3m, compared with a £300,000 loss in the previous year, on turnover up from £115m to £128.7m. The years since 1987 have seen steady growth; operating profit has increased an average 16.3 per cent annually, while sales have yearly grown an average 7.3 per cent.

Mr Margry has no doubt that returning Parker to its traditional marketing policy – which he sums up as "not trying to chase every rabbit in the field" – has been the main factor behind its recent steady growth. Parker spends 80 per cent of its advertising budget promoting top-range pens; the other 20 per cent is for discretionary use by local managers.

Sales this year will be about £180m worldwide, says Mr Margry, out of a total international market worth some £2.1bn annually at retail prices. In the UK, Parker claims a dominating 53 per cent of the writing instrument market, while Mont Blanc has 6 per cent, Waterman 5 per cent, Shaeffer 7 per cent and Cross 6 per cent.

The marketing policy devised by Mr Margry has meant avoiding two extremes; neither down-market into cheap disposables, nor following Mont Blanc (part of the Dunhill group) up-market into *the fountain pen as a designer* accessory. "I think to market yourself as something to be purchased as a status symbol is dangerous in the long term. Everyone who has made a perfume or a dress wants to make pens; these are temporary markets," says Mr Margry.

Mont Blanc would disagree. Mr Kevin Boltman, Mont Blanc's UK marketing manager, says the company's advertising is deliberately designed to encourage purchasers "to think they are buying an aesthetic quality, a luxury item, not just a pen". To that end, Mont Blanc, whose factory *is based in Hamburg*, "has a limited distribution policy, to protect the brand as a sort of Mercedes-Benz of pens".

But for many, the top brand in pens is still undoubtedly Parker. Mr Gerry Grimstone, a director of the merchant bank Schroder, has the task of steering it home to a new buyer. He says Parker is looking for a buyer which will appreciate "the strengths of the global brand, of its international distribution network and the continual product development which Parker performs. That is actually unlikely to mean someone from the pen world".

Mr Margry is looking for a buyer which values a quality brand, one which has the royal warranties of the Queen and the Prince of Wales. Mr Grimstone is talking to some 50 potential customers. He is confident a deal will be soon be signed; no doubt both sides will be using a top-of-the-range £3,000, 18-carat gold Parker Premier Presidential.

LETTERS

Too few share vision of good practice

From Mr Robert Clarke.

Sir, I was one of the thousand or more international business leaders who attended the World Economic Forum in Davos, and was a participant in a private session of the Prince of Wales's Business Leaders Forum. I, and many of my fellow chairmen present, were therefore surprised at the tone of your leader, "Princely Capitalism" (February 5). It certainly did not reflect the warmth and enthusiasm shown towards the prince for his bold vision for business.

Why is his view of the business world "idiosyncratic"? As one of a growing number of companies which give practical effect to the principles of good corporate citizenship, my own company has supported and encouraged the Prince of Wales in acting as an ambassador for the values of "business stewardship". While you rightly state that the prince was urging what we all regard as good practice, we share his view that too few companies around the world have as yet fully recognised social and environmental responsibility as an integral aspect of their business operations.

Nor was the prince advocating this approach, nor partnership with local communities, as a prescription for an economic miracle as you implied. He was quite rightly putting the case that business cannot be competitive in the long run, unless *it is* more responsive to pressing social and environmental issues faced by communities in their international markets. His position may be privileged, but this has not stopped him earning his credibility from direct experience of working with business leaders in practical solutions to these problems in many parts of the world.

Surely, the prince's message that talking and thinking is not enough to match the tough challenges of illiteracy, hunger or environmental degradation – and *that international* business has a key part to play in action to address these issues which directly affect our stakeholders – deserves even greater attention.

Robert Clarke,
chairman,
United Biscuits,
Church Road, West Drayton

Work is one thing, but productivity is another

From Dr Frank Heller.

Sir, It seems that the meaning of the term *work ethic* has become the subject of political controversy. The Japanese Prime Minister is reported ("Miyazawa queries US work ethic", February 4) to have accused the Americans of lacking the work ethic, while the American president ("Bush responds to Japanese work ethic jibe", February 5) is reported to have defended the American approach to work.

Your readers may be interested to know that there has been some cross-national research on this topic. Although the results are fairly clear, their interpretation is not easy. When an interna*tional research group* asked large samples of people how central work was in their lives, the Japanese scored the highest, but Yugoslavia came second and the US fourth, after Israel. Work proved least central among those in the UK and (west) Germany.

It seems that the importance of work in one's life is not the same as effective productive, or even hard, work. It appears to have more to do with what alternative activities are highly regarded. The older advanced industrial countries: Britain, Germany, the Netherlands, Belgium and the US have reached a different value hierarchy than the countries that started industrialisation more recently.

A more policy-relevant finding from the same research shows that, irrespective of nationality, the self-employed and people who enjoy a measure of autonomy in their work have a significantly higher attachment to work than other groups.

Frank Heller,
director,
centre for decision making studies,
Tavistock Institute of Human Relations,
The Tavistock Centre,
Belsize Lane, London NW3

A magician's trick to increase expenditure on housing

From Mrs R Terry.

Sir, There is a very simple magician's trick which could increase *expenditure on social* housing without affecting the public-sector borrowing requirement ("Save the PSBR", February 6). It involves changing one clause in legislation which would give local authorities the ability to secure new loans for housing on their housing assets, without recourse to rates and revenues. (The government has facilitated this through recent legis*lation ring-fencing* the housing accounts of local authorities.)

The risk to lenders of such loans would then descend on effective management, including rent setting and rent collection, and maintenance, with properties having to be sold (to other social landlords) in cases of failure. This would be private sector risk as there would be no recourse to other parts of the authority or its income. This contrasts with the current situation where all local authority loans are secured on the rates and revenues of the local authority.

There are two advantages of this approach which should be welcomed by all political parties. First, the Department of the Environment acknowledges that there is a backlog of repair which cannot be financed out of net rental income and current borrowing levels because of the concern about the cost of rent rebates if rents increase too quickly and the effect on PSBR. Second, the City would be selective *in its* lending decisions, financial institutions would evaluate the performance of local authority housing departments seeking finance and would advance loans only to those which could demonstrate that they were managing well from both a housing and financial point of view. What greater incentive for improvement?

R Terry,
CSL Group,
Consilium House,
City Forum,
250 City Road, London EC1

Fax service

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Reality left on the platform

From Mr Jonathan Price.

Sir, In taxing ministers for parting company with reality in considering the privatisation of British Rail, David Sawers (Personal View, February 5) *himself* leaves reality forlornly on the platform in two important respects. He expresses a fear that potential entrants may be put off by the high cost of entering the business and "be unwilling to pay the full cost of the tracks they would use". Any attempt to *recoup the full cost of the track* from any private sector source is destined to fail, no matter how it is structured, just as any attempt to recoup the full cost of roads directly from road users would also fail, and for the same reasons. Railway tracks, like roads, can only be financed from general taxation if one wishes to retain anything approaching the current network size.

As for the difficulties Mr *Sawers sees in franchising* provincial services, of course a potential buyer would want a commercial return. The point is that, through franchising, unglamorous, mundane services previously done by the public sector can provide commercial returns if properly managed.

Mr Sawers emphasises BR's weak management, yet advises keeping it intact. Privatising British Rail as one unit would be *tantamount to privatising* an east German Kombinat by leaving it to the former Communist Party officials to manage.

Jonathan Price,
privatisation group,
Daiwa Europe,
5 King William Street,
London EC4N 7AX

Justified guide?

From Mr Andrew Shouler.

Sir, What is all this "teenager's guide" nonsense? I see that Michael Prowse's latest doom-laden missive from the US ("... guide to the budget", February 3) is headed in the manner of Samuel Brittan's habitual shorthand. Is it policy to be condescending? Is it – fellow City readers – even justified?

Andrew Shouler,
economist,
Industrial Bank of Japan,
Bucklersbury House,
Walbrook,
London EC4N 8BR

FINANCIAL TIMES
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London-based European end of operations to get local executive team

Management shake up at Salomons

By Sara Webb in London

SALOMON BROTHERS, the scandal-struck Wall Street securities house which was caught rigging US Treasury bond auctions last year, is to announce a shake-up in the management of its European operations today

Mr Deryck Maughan, chief operating officer at Salomon Brothers, is due to announce the promotion of Mr Dennis Keegan and Mr Stephen Posford to the position of joint heads of the London-based European business.

As a result, Mr Jim Massey will step down from his position as head of Salomon Brothers' international business (which included Tokyo and Europe), and will take over two new areas of responsibility – Salomon Brothers' own investments and special projects. He will not be replaced in this capacity.

Mr Maughan is expected to tell staff today that Salomon's London-based Europe operations can no longer be run from New York, in view of their importance, and that a decision has been taken to set up a strong, local management team.

Mr Posford, who is English, and Mr Keegan, an American, were recently appointed joint heads of Salomon's equity and fixed income business in London in the wake of fall-out from the Treasury bond scandal. They have worked closely together at Salomon's bond trading desk in London for several years, a working relationship which, according to one Salomon employee, has earned them the nicknames "Tweedledum and Tweedledee".

The rise of Mr Posford and Mr Keegan, who both have backgrounds in proprietary bond trading (trading on the company's account rather than for a particular client) has been interpreted by some employees as a sign that the senior management wants to focus more on this business area. One Salomons source said revenue on the proprietary trading side amounted to "over £100m" in 1990 at the company's London operations.

However, Salomon Brothers yesterday denied there was any intention of focusing on proprietary trading at the expense of other business areas. "It has been made very clear to everybody that there isn't more emphasis on proprietary trading. The emphasis on clients and client business will be stronger than ever" said Mr Lee Bruce, press spokesman for the company.

The announcements regarding senior staff changes come when Salomon Brothers is still suffering from the repercussions of the Treasury bond rigging scandal. Both in London and New York, the company has lost several members of staff, including some senior and well-respected analysts and desk heads, either as a result of redundancies or voluntary departures.

One former employee claims: "The London trading floor is half empty these days, so many people have left, they have even started to fill some of the vacant places with settlements people."

However, Salomon strongly denied the claim and said the company had begun interviewing replacement staff.

Mr Massey will remain on the Salomon Brothers executive committee (which is chaired by Mr Deryck Maughan) and on the board of directors of Salomons Inc. In his new job he will have an overview of the firm's investments, such as its 5 per cent stake in Istituto Bancario San Paolo di Torino, the Italian banking group which is due to tap the international equity markets with a $1.25bn-$1.5bn Initial Public Offering soon.

Crimea is the wild card in a lethal game

Chrystia Freeland, in Simferopol, on the crucial dispute between Kiev and Moscow

THE FRONT PAGE of Crimea's most popular newspaper last week displayed a deck of cards in which the joker had been replaced by a map of the sunny Black Sea peninsula. The drawing illustrated Crimeans' rueful awareness that this stretch of rocky beaches and vineyards has become the wild card in the volatile relationship between Ukraine and Russia.

For the time being, Ukrainian-Russian disputes over the military and the economy have been restricted to volleys of newsprint and hostile parliamentary resolutions.

But should economic crisis create political instability in the two nuclear Slavic giants, Crimea could play Sarajevo in the sparking of a military confrontation of hugely destructive potential.

For all that Russian nationalists are trying to rouse local passions with references to the glorious Crimean war, Russia's attachment to Crimea is warm but not too deep. Russia first took control of the peninsula little more than 200 years ago and as recently as 1926 Russians accounted for only 22 per cent of the population. Likewise, Ukrainian interests in Crimea are more geopolitical than emotional.

To date, the conflict has been more of a high stakes diplomatic poker game than a Yugoslav-style fight to the death over contested national territory. The players are expected to show their hand on Friday, when presidents of the Commonwealth of Independent States meet in Minsk.

The Russian strategy, as outlined in a memorandum from Mr Vladimir Lukin, then chairman of the parliamentary commission on foreign affairs, to Russian President Boris Yeltsin, is to use territorial claims on the Crimea as a lever to pressure Ukraine to drop its aim to take over a substantial part of the Black Sea fleet.

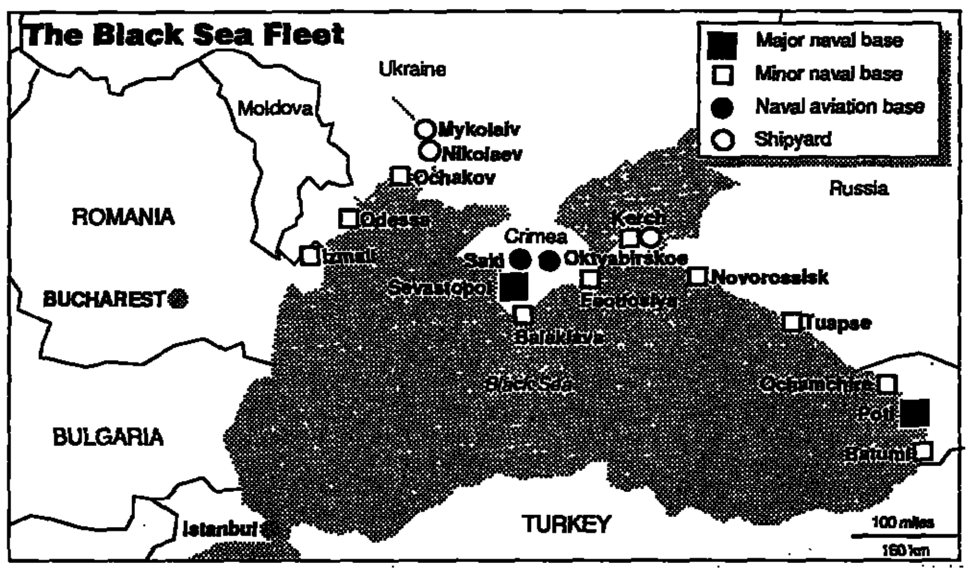
From the Ukrainian perspective, Crimea is the key to a Pandora's box of rival territorial claims, which could transform the former Soviet Union into a Yugoslavia writ large.

Although most western leaders have labelled Crimea a hands-off internal dispute, in Kiev last month Mr Roland Dumas, the French foreign minister, backed Ukraine saying it had "strong legal arguments" for retaining Crimea.

For the past month, Ukraine and Russia have been playing a delicate and dangerous diplomatic game. Mr Lukin's memo was followed in mid-January by a resolution from his commission questioning the legality of the 1954 transfer of the Crimea from Russia to Ukraine. The Ukrainian parliament responded with scathing criticism.

The Russian parliament then opted to postpone its review of the matter until after the Minsk meeting, but did pass a resolution insisting that the Black Sea fleet should not be divided, as Ukraine would like.

Mr Lukin's barter of the Crimea for the fleet may work. At the weekend, Mr Volodymyr Hryniov, deputy chairman of the Ukrainian parliament, said it was likely Ukraine would agree to the deal. Recently, Ukrainian President Leonid Kravchuk has been soft-pedalling Ukraine's claim to the Black Sea fleet.



This manoeuvring, inside what was once a superpower, exemplifies the way in which the collapse of the Soviet Union has rewritten the rules of international diplomacy. But Crimeans believe much is unchanged.

"We were not consulted in 1954 and we are not consulted today," complained Ms Elvira Kara-Oglan, a 26-year-old Crimean Tartar. Standing in a snow-covered square in downtown Simferopol, Crimea's capital, Ms Kara-Oglan and 50 other locals had their own answer to the scheming in Kiev and Moscow.

Beneath the gaze of Lenin, who still dominates all public spaces in the communist-controlled peninsula, Crimeans were queueing to sign a petition calling for a referendum on Crimean independence. A vote will be mandatory if 180,000 signatures are gathered by April 3.

Many Ukrainians argue that independence is just the first step to unification with Russia and that is certainly the thinly veiled hope of Mr Yuri Mishkov, the leader of the movement that is spearheading the petition drive.

But many Crimeans, who voted narrowly for Ukrainian independence in December but have since been disappointed by the country's inept economic reforms, genuinely wish to opt out of the Ukrainian-Russian tussle.

Mr Hennadi Iarovyi, the deputy mayor of Simferopol, predicts a vote for independence but warns that Ukraine could retaliate by cutting off electricity and water.

That tactic has worked before. In 1918, by means of a tariff war, the short-lived Ukrainian Republic compelled Crimea's shaky, German-backed government to join Ukraine as an autonomous republic with wide local authority: the very arrangements Ukrainian politicians hope to entrench in negotiations with the Crimean leadership over the next month.

Securities markets in a post-inflation world

Gloomy minds think alike. By one of those coincidences which make you wonder if your great thoughts are not simply something you overheard, I had just started drafting this column when I received a circular from Mr Nicholas Carn of Draycott Partners saying pretty much what I was planning to say. Or at least the central thought is the same: inflation should now be discussed in the past tense.

Draycott is a Boston firm, so Mr Carn dates the turning point from the Federal Open Market Committee meeting of the autumn of 1989. British investors are likely to remember our own steep rise in interest rates of about the same time, Japanese the arrival of Mr Yasushi Mieno as governor of the Bank of Japan, and continental Europeans, perhaps, the more recent rise in German rates.

However you trace it, the central banks outside Europe decided some time in the late 1980s that they had had enough of what the Japanese so vividly call the bubble economy, and pricked it. In Europe the fiscal and wage explosions in Germany and Italy provoked the same reponse. The result, according to the consensus of the investment community, is that world inflation is now converging towards 3 per cent. Not, however, according to Mr Carn, or to me; the disinflation is more likely to be dangerous overkill.

A glance at the US economy, where the monetary overkill has largely (but not entirely) been reversed, should be enough to set off some warning signals; there is still barely a sign of revival, to the despair of President George Bush and his advisers, who are openly campaigning against the Fed. The British authorities are now showing some signs of awareness and worry; a debt-ridden economy does not seem to respond to interest rate cuts. Yet in Germany and Japan, whose economies are rapidly sliding into recession, the central banks still talk as if they had plenty of time to ease later. We shall see.

It is the old central bank story of first watching the wrong indicators, and then doing too much, too late. Through the 1980s they targeted consumer price inflation, and were complacent about asset price inflation; they ignored the fact that there were already powerful forces checking inflation in productive industry – new technology, improved man management, lower demand for raw materials in a service economy, and better stock control. So the over-expansion of money was mainly seen in asset markets – "a speculative vortex that ultimately sucked in everything from paintings to toy cars," as Mr Carn reminds us. The past tense, as any dealer can confirm.

By Anthony Harris

This is the point which the current equity bulls, who like to argue that low inflation is good for equities, have missed. The restraint in unit costs did help margins, and will continue to do so; but the bull market itself, and the growth of credit-financed demand which it supported, was not the result of deflation, but of continued financial inflation. It was in fact the last gasp of the great inflation which started in the early 1970s.

It is the old story of first watching the wrong indicators, and then doing too much, too late

Now we have monetary disinflation, while the technological disinflation is still gathering force; and looking some way ahead, we have growing competition not only from the emerging Asian and Latin American economies, but from the well-educated low-wage economies of the former Communist world as well. The combined competitive squeeze on UK industry is producing a result which has never been observed before – a sharp rise in productivity even as output is falling. In the US, goods price inflation virtually stopped about a year ago.

Meanwhile, the expansion of the service economy, which was a by-product of the asset boom, is in sharp reverse – not just in financial and property-dealing services, but now in the US in retailing too. Retail employment there is falling sharply, almost for the first time in peacetime living memory, or at any rate since the 1930s. Spending growth is virtually all in low-cost warehouse-type operations. Like the British retail revolution a century ago, this will maintain living standards, but at the cost of a sluggish economy. We can expect to see the same trends in Europe and even Japan.

Against this sluggish, highly-competitive background, the debt work-out which is the main business of the English-speaking and Japanese economies is bound to be a protracted affair; and the fall in inflation makes it steadily more difficult. Mr Carn draws a dramatic conclusion: "The cyclical downturn ushers in an environment that few of us can remember; money has always been a temporary refuge – now it is the thing to have."

That seems to me premature: it recalls an era when prices were persistently falling, so that all "real" assets were wasting assets. But it could happen. What current American experience does suggest is that the blow to financial confidence of the current wave of failures, kept in place by the huge over-supply in commercial property, has already created the situation Keynes described, where easier credit is pushing on a string. It might be almost impossible for the central banks to start inflation off again even if they wished, and the hope of stable values is just that – a hope. Prices could start falling.

The best ground for hope is that we have learned one lesson from the 1930s: the danger of a banking collapse, with a huge destruction of wealth and income, has been checked (though in the US it was a near thing). But in Europe we have also unlearned one lesson. The ridiculous rules for fiscal policy agreed at Maastricht – ridiculous because they do not trust financial markets to discriminate between different borrowers – will greatly hamper any government wanting to re-stimulate growth through budgetary action.

The investment implications of this prospect should hardly need spelling out, except that they cut across the conventional wisdom of recent decades. We face sluggish growth at best, and continued cost pressures, so that equity investment will have to be highly selective – the most efficient manufacturers and retailers, and companies with a defensible monopoly position. Meanwhile, in Europe, we will initially face an artificially restricted supply of trustworthy bonds. So buy bonds.

Soviet debt

Continued from Page 1

CIS member states.

No decisions were made on the military forces, though the trend towards the creation of separate armies was accentuated over the weekend by comments made by Marshal Yevgeny Shaposhnikov, the CIS commander in chief. In an interview with the French daily le Figaro, Marshal Shaposhnikov said that while he favoured a unified military, "I cannot go against the will of independent states...(but) it is necessary to have a transitional period during which the armed forces would remain under a single control while independent states prepare the ground for the creation of their own armies".

Last week senior military figures, including the military adviser to Mr Yeltsin, said the time had come for Russia to create its own army in the interests of stability.

UK may introduce transfer fees for poached workers

By Diane Summers, Labour Staff

EMPLOYERS who poach expensively-trained workers from competitors could face demands to repay training costs under a UK government plan to be unveiled this week.

The former employers of poached recruits would be entitled to reclaim at least part of the cost of training if a worker left within a certain period, a policy document will propose. The move is designed to promote investment in training by those companies which may currently be discouraged by the prospect of losing recruits soon after training.

The 'white paper' will also contain proposals for vouchers for career guidance and counselling for adults.

The government's intention is to attempt to raise its profile on training and employment issues as the election approaches. The white paper will come in a week when the 22nd consecutive monthly rise in unemployment is likely to be recorded: figures due to be released on Thursday are expected to show unemployment heading towards 2.6m

Mr Michael Howard, UK employment secretary, yesterday refused to be drawn on details of the white paper but said he was working on a "whole series of ideas" that would bring qualifications within reach of everyone.

It is possible under the white paper scheme that employees could find themselves responsible for paying back training costs if they left a company. The costs of proposed training and the length of service required would be set out in contracts of employment.

The notion of a "transfer fee" for valuable employees has been debated in personnel circles for more than 20 years but has generally been viewed as impracticable.

Mr Tony Blair, Labour employment spokesman, said he could not see how the proposals would work but the government's plan was "at least an acknowledgement that training could not be left to market forces".

Doubling reported in number of personnel managers, Page 5

Gatt talks

Continued from Page 1

Mr Hans van den Broek, the Dutch foreign minister, said the Netherlands had put all its efforts into reaching a deal in the Gatt round last year. It was up to all sides to make compromises. "It won't work to say 'you had better agree on Gatt, otherwise we will leave Europe.' Both sides have to make the utmost effort," he said.

He said the EC regarded the whole US system of deficiency payments to farmers as highly protectionist.

Mr Manfred Wörner, the Nato secretary general, said that US presence in Europe was essential, not least "to stabilise and balance power relations between western European states.

US troop numbers were not the most important thing. "I don't think the numbers count so much as the purpose and the presence," he said.

UK intends to put the brake on new single market legislation

Continued from Page 1

about getting more cross border trade," he said.

The British presidency will aim to "celebrate the completion of the single market and to make sure it is working well". There will be a consultative exercise among EC business leaders about possible revisions to existing directives.

Mr Redwood said that may see a relaxation of EC technical standards set for some products which he regards as preventing cross-border trade.

Of the 282 measures proposed in 1985 for a single market by Lord Cockfield, the former internal market commissioner, agreement has been reached on 232, although not all have been implemented.

The UK is hoping to reach agreement soon on which of the others, possibly 10, could be dropped as no longer applicable. One is likely to be the fifth company law directive which would harmonise the administration and structure of large EC companies. Up to 30 others might be agreed under the current Portuguese presidency.

Failure to reach agreement on investment services directive will disappoint London financial circles because it had been hoped it would significantly extend the potential markets of UK companies.

The directive will not be discussed at today's meeting of EC finance ministers but should be on the agenda for the next council, scheduled for March 16.

So far the Portuguese have been unable to resolve the fundamental differences between Britain and France over the speed and method by which stock market trades are made public under the directive.

The last high-level meeting in December broke up over the issue with Mr Redwood accusing France of intransigence. But other national officials from EC countries and Commission officials believe it is Mr Redwood who is guilty of stubbornness, and some think it may be possible to achieve the necessary majority in favour of a compromise despite the British position.

"I'm less convinced than some people in London are that the Germans, Dutch and Irish [who form a blocking minority with the British] will continue to say they don't want a directive," said one national official in Brussels last week.

Compromise on the draft directive might be helped by movement on the related capital adequacy directive, which would set common capital standards for securities trading operations.

National officials last week discussed the draft capital adequacy legislation in Brussels in the light of the previous week's Geneva agreement on international capital rules.

Commission officials said "solid progress" was made on the detail of their amended text, but added that national representatives had not yet had a chance to react to the developments in Geneva. Another meeting should be held in Brussels within two weeks.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	56	Berlin	S	5	41	Caracas	F	30	86	Faro	F	16	61	Islamabad	F	17	63
Algiers	S	15	59	Biarritz	S	15	59	Casablanca	F	16	61	Florence	C	12	54	Istanbul	F	5	41
Amsterdam	C	5	41	Bombay	S	26	79	Chicago	S	-11	12	Frankfurt	Fg	0	32	Jakarta	R	29	84
Athens	S	9	48	Bordeaux	S	13	55	Cologne	S	6	43	Geneva	S	6	43	Jersey	F	9	48
Bahrain	F	17	63	Boulogne	F	8	46	Copenhagen	C	5	41	Gibraltar	F	16	61	Johannesburg		–	–
Bangkok	F	33	91	Brussels	C	7	45	Corfu	F	12	54	Glasgow	R	7	45	Lima	C	27	81
Barcelona	C	12	54	Budapest	S	6	43	Dallas	C	8	46	Helsinki	S	0	32	Lisbon	C	10	50
Beirut	R	6	43	Buenos Aires	C	32	90	Dublin	F	7	45	Hong Kong	R	14	57	London	C	10	50
Belfast	S	7	45	Cairo	S	13	55	Dubrovnik		–	–	Innsbruck	S	6	43	Los Angeles	C	12	54
Belgrade	S	8	46	Cape Town	C	23	73	Edinburgh	R	7	45	Inverness	F	7	45	Luxembourg	S	5	41

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	16	61	Milan	Fg	1	34	Nicosia	F	7	45	Salzburg	S	10	50	Tenerife	F	19	66
Madrid	S	8	46	Montreal	Sn	-16	3	Oporto	F	13	55	San Francisco	C	12	54	Tokyo	F	9	48
Majorca	F	14	57	Moscow	C	-1	30	Oslo	Dr	3	37	Seoul	F	-2	28	Toronto	S	-18	0
Malaga	F	14	57	Munich	S	2	36	Paris	F	8	46	Singapore	F	32	90	Tunis	F	15	59
Malta	S	16	61	Nairobi	S	30	86	Peking	S	8	46	Stockholm	Fg	-1	30	Valencia	S	14	57
Manchester	R	8	46	Naples	S	14	57	Prague	Fg	-1	30	Strasbourg	S	8	46	Venice	Fg	2	36
Manila	C	32	90	Nassau	C	22	71	Reykjavik	Sn	-1	30	Sydney	R	18	64	Vienna	S	5	41
Melbourne	F	22	72	New Delhi	S	17	63	Rhodes	S	9	48	Taipei	R	18	64	Warsaw	C	2	36
Mexico City	F	19	66	New York	S	-5	23	Rio de Janeiro	F	37	99	Tangier	S	17	63	Washington	C	-3	27
Miami	F	13	55	Nice	S	13	55	Rome	S	13	55	Tel Aviv F	T	0	05	Zurich	S	7	45

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Monday February 10 1992

INSIDE

Bull and IBM steam ahead

Groupe Bull, the French computer manufacturer headed by Mr Francis Lorentz (left), gains a unique window into the future of computer technology this week when engineers from the company begin *arriving at* IBM's computer design centre in Austin, Texas. Their arrival is the first and most controversial consequence of the broad technological and marketing agreement concluded recently between the two groups. **Page 15**

First fall into red at Petrobas

Petrobras, Brazil's state oil monopoly, has made its first ever loss, turning a $557m 1990 profit into a deficit of $237m for 1991. The result raises fears over Petrobras's ability to service and repay the $761m in Eurobonds it has raised since last July. **Page 15**

Mitel share price soars

The share price of Mitel, the Canadian telecommunications equipment maker, has almost doubled in the past week amid speculation that Britain's BT is about to sell its controlling interest, or that the loss-making Ottawa company is on the verge of a long-awaited earnings turnaround. **Page 15**

Conroy board ousted

Mr Richard Conroy, chairman and founder of the Irish exploration group Conroy Petroleum and Natural Resources, was voted off the company's board along with the other nine directors at a meeting in Dublin at the weekend. They are replaced by an eight-man board controlled by the company's two major shareholders, Outokumpu, the state-owned Finnish mining and industrial group, and Dundee Bancorp, a financial offshoot of Canada's Corona International. **Page 14**

Charterhouse may be sold

The Royal Bank of Scotland may sell all or part of Charterhouse, its London-based merchant banking subsidiary which wants to expand on the continent. Royal Bank bought Charterhouse in 1985. **Page 14**

Market Statistics

Companies in this issue

Special arrangement allowed broker to operate while facing criminal charges, writes **Richard Waters**

Mayhew's key role in corporate deals

MR David Mayhew, the Cazenove broker charged in connection with the Guinness affair, has played a leading role in some of the UK's largest corporate transactions, in spite of not being fully authorised under the Financial Services Act.

The three remaining charges against Mr Mayhew were dropped by the Serious Fraud Office on Friday after he had presented new evidence which satisfied the prosecution he had no case to answer.

In the four years since he was charged over his role in the Guinness takeover of Distillers in 1986, Mr Mayhew – the only Guinness defendant to retain his job after charges had been brought – has continued to play a key advisory role in a number of transactions.

He was a leading figures in the BAT "war cabinet" during the tobacco group's defence against Hoylake, he advised Grand Metropolitan on its takeover of Pillsbury, and he masterminded substantial "bought deals" like ICI's sale of its stake in Enterprise Oil and General Cinema's disposal of shares in Cadbury Schweppes.

However, throughout this period he has been refused membership by the Securities and Futures Authority (formerly The Securities Association), the self-regulatory organisation set up under the Financial Services Act.

SFA's membership committee declined to pass him "fit and proper" while the charges against him were outstanding.

Although the Financial Services Act only requires firms to be authorised the SFA requires individuals who give investment advice to be registered.

A special arrangement allowed Mr Mayhew to operate while being "shadowed" by other Cazenove partners. Senior partners of the UK corporate stockbroker promised to ensure his work met regulators' rules.

The arrangement owed much to the regard in which Cazenove is held in the City of London. One senior SFA staff member yesterday commented of the Cazenove promise to supervise Mr Mayhew: "From *them*, it meant something: from lesser firms, it might not have carried such weight."

Merchant bankers and senior corporate figures who have worked with Mr Mayhew since he was charged said the SFA's restrictions had not prevented him continuing as before. "He has been extremely active, and all credit to him," one leading merchant banker commented.

The chairman of a large public *company advise by Mr Mayhew*, who declined to be named, said: "He has continued to be a very important operator in the City. The reason he is important is that people trusted him – they didn't believe these charges."

Sir John Egan wants to change the way the UK airports operator undertakes investment projects in future, reports **Paul Betts**

BAA begins to throttle back on costs

SIR John Egan, BAA chief executive, is determined to stop costs taking off at London's Heathrow airport.

The privatised airports operator is expected to apply for planning permission later this year to build a new fifth terminal at the world's busiest international passenger airport: an even bigger project than the £400m new terminal complex BAA opened last year at Stansted airport.

But timing of the application remains in doubt because Sir John wants to halve the original £1.6bn estimated cost of building terminal five at Heathrow to around £800m ($1.4bn).

"We will only proceed the moment we see a project where the costs are acceptable," he warned, after rejecting last week the latest plans drawn up by his staff. "It was a good project but not a great one," he explained.

The former Jaguar chairman, who took over the running of BAA from Sir Norman Payne last year, seems convinced his group can provide the necessary 30m passenger a year additional capacity at Heathrow by the turn of the century with a more cost-efficient terminal five project than previously planned.

He does not want a repeat of the Stansted experiment. BAA could never have foreseen that its new £400m terminal at Stansted would open during the worst crisis to hit civil aviation in 40 years. But Sir John also acknowledged there was no need to spend so much at Stansted.

Since taking over, Sir John has sought to change the way BAA undertakes new investment projects. "When you spend about £300m a year in building new things, you've got to make sure you are cost effective while meeting the world's best standards," he said.

Sir John said he was first alerted to the need to transform the company's approach to new investment projects by large US carriers like United Airlines and American Airlines which started services to London for the first time last year. "They asked me why it took twice as much time and money to build in the UK as it did in the US," he said.

"The problem in the UK is that there is a managerial muddle, impractical designs by architects and the fact that sub contractors accounting for about 70 per cent of the total costs don't get a look in until a project is started and the project then constantly changes," he explained.

He has already applied his new approach of designing buildings around their functions and future income streams at Glasgow airport – rather than allow what he calls "the whimsy of managers and architects" to take over.

BAA last week announced it was investing £60m to develop Glasgow's international passenger facilities. "We started with a project costing £110m. It took us a year to get it down to £60m and I expect after another six months of detailed work we can get it even lower," he said.

THE planning inquiry alone for the terminal five project at Heathrow is expected to take up to four years and cost BAA between £50m and £60m. "We won't embark on this investment until we have a robust project," Sir John said.

BAA is also developing an express rail link between Heathrow and Paddington station. But Sir John is adopting the same cautious approach to the project. "I don't want a Channel Tunnel but a high-quality line," he said. BAA has started tunnelling tests in the Heathrow area with the target of seeing the rail link enter service by 1995-96.

BAA is still negotiating with British Rail the £235m funding of the Heathrow line. Originally BAA was to pick up 80 per cent of the cost and BR the rest. However, there is a query over BR's contribution as well as the future of all rail links between central London and the three BAA London airports of Heathrow, Gatwick and Stansted.

Privatisation of BR or parts of it could give BAA the chance to take charge of the rail links to its London airports. Sir John is cautious on such a prospect. "Running railways is not part of our core business but I don't think it is impossible to create a nice quality solution which all the major players find attractive," he said.

Focusing on BAA's core airports and retailing businesses have become the priority for Sir John. "Our core businesses are more profitable than any diversifications. What I want to do is build up our critical skills and once these grow we will see where we can diversify," he said.

He emphasised that Gatwick was not for sale in spite of speculation earlier this year. "What Gatwick needs is a marketing drive to make it fully competitive with Heathrow," he said.

Stansted would also ultimately pay for itself. It suffered a setback this month when Air France and Crossair of Switzerland said they were suspending flights from the airport because these services were losing money. However, traffic at the airport grew 100 per cent to nearly 1.8m passengers last year after the new terminal was opened. But the airport is still short of the 5m passengers a year it needs to break even.

Sir John wants to expand BAA's profitable airport retailing operations by doubling retail space at airports over the next three years. He is also seeking to export the company's retailing and airport design expertise. It is competing for the design contracts of the new Hong Kong and Kuala Lumpur airports and is developing the retailing and catering businesses of Pittsburg airport.

AT home, Sir John has spent his first year driving down costs by reducing staffing by around 20 per cent from 10,000 to 8,000 people. "The company had never seriously examined its productivity. We have significantly improved it with the staff reduction programme," he said. The company aims for productivity improvements of 3 per cent a year.

Although passenger traffic is recovering after last year's slump caused by the Gulf War and the recession, BAA is expected to report a decline of about 18 per cent in pre-tax earnings for its financial year ending next March compared with the previous year.

The City of Londonforecasts pre-tax profits of about £200m for the year compared with £246m. The lower profits will also reflect provisions for staff cuts, property and the possible sale of Prestwick airport in Ayrshire.

After two years of zero passenger growth at its airports, Sir John sees signs of an upturn. "We are sluggishly starting to get a little growth but we are fearful one swallow does not make a summer," he said.

Sir John Egan

BAA consolidated operating profit

Six months to 30 September 19921 (£m)	1991	% change
Heathrow	154.3	20.0
Gatwick	60.7	(12.2)
Stanstead	(12.8)	(243.2)
Scotland	20.9	25.5
Other business	2.4	32.6
Hotels	(2.0)	(95.4)
Lynton	10.1	16.3
Corporate	(0.1)	na
Group operating profit	233.5	4.5
Prtovisions	(54.5)	172.7
TOTAL	179.0	(10.7)

British Gas to spin off 15% of Consumers

By Bernard Simon in Toronto

BRITISH GAS is to spin off to the public a 15 per cent stake in Consumers Gas, the Canadian natural gas utility which it bought in September 1990.

The secondary offering, in the form of instalment receipts, is expected to raise between C$150m (US$129m) and C$200m. British Gas paid C$1.1bn for Consumers, Canada's biggest gas distributor.

The public offering is to comply with conditions by the Ontario government at the time of the acquisition. British Gas undertook to float at least 15 per cent within two years, and to make available to the public at least half any extra equity financing over the next 10 years.

The public stake in Consumers could thus rise to about 25 per cent by the end of the decade.

British Gas is expected to keep the offering to the minimum required under the 1990 agreement. It said none of the proceeds of the share offering would be received by Consumers Gas.

A Consumers official said the offering would probably take place within the next three to four weeks. It will be handled by a group of securities dealers led by Nesbitt Thomson of Toronto.

Investors are likely to be attracted by forecasts of growing demand for natural gas and the guaranteed rates of return to regulated gas utilities.

Consumers Gas operations are centred on the industrial region of southern Ontario. The utility has 1.1m customers and earned C$76m from continuing operations last year on revenues of C$1.69bn.

British Gas has made few changes at Consumers since the takeover beyond encouraging an active exchange of research and know-how. British Gas also has a 54 per cent interest in Bow Valley Industries, a Calgary-based oil and gas producer.

High hopes of a good decade for growth

Economics Notebook

By Frances Williams in Geneva

IT WILL be of little comfort to politicians in the US and Europe facing elections this year in grim economic conditions – but the 1990s will be a good decade for economic growth in the OECD countries and potentially an excellent one for the reforming economies of east and central Europe.

This is the conclusion of Mr Andrew Britton, director of the *National Institute of Economic* and Social Research in London, in a recent study for the United Nations of postwar economic growth in the market economies.*

Mr Britton argues that, while ultimately growth is driven by technological advance, countries can expand far more rapidly than this implies over many years both through technological "catch-up" and through moves to freer markets and thus more efficient use of resources.

Between 1950-73, known in retrospect as the "golden age", western Europe and Japan benefited from both factors. Labour productivity, measured by GDP per hour worked, rose 5.3 per cent a year on average in France, Germany, Japan, the Netherlands and Britain, compared with 1.6 per cent from 1870 to 1950.

By contrast, the 2.5 per cent annual growth of GDP per hour worked in the US in 1950-73 was little different to that between 1913 and 1950.

Operating closer to the technological frontier (with an absolute level of GDP per hour worked higher than any of the five countries cited) and with an already largely deregulated economy, the "golden age" passed America by.

"It seems likely that the distinguishing characteristic of the 'golden age' was not the more rapid acquisition of new knowledge, so much as its faster diffusion, and a more efficient use of knowledge already acquired," the study says.

This process was aided by the dismantling of international trade barriers and high rates of investment, especially in Japan and Germany.

The golden age was followed by "an age of disappointment and confusion". Mr Britton gives short shrift to "oil-shock" explanations of the worldwide slowdown after 1973, citing evidence that the direct impact was small. He argues that the slowdown was inevitable.

The scope for technological "catch-up" in relation to the US was largely exhausted. Indeed, by the 1970s Japan already surpassed the US in many sectors. There was little more to be gained from switching resources from agriculture to industry, while the shift to services may have actually reduced productivity growth. There was also a halt to progress on trade liberalisation.

Mr Britton dismisses claims made by the OECD and others that economic growth was stifled by a burgeoning public sector. Government receipts as a percentage of GDP rose from 32.1 per cent in 1973 to 35.6 per cent in 1984, not enough significantly to affect productivity or growth, he says.

Similarly, he is reluctant to accept explanations that put all the blame on government actions to restrain demand in order *to curb* inflation. Countries which avoided the worst of the inflation in the 1970s, like West Germany and Switzerland, did not have a better growth performance. Countries with continued low unemployment (relatively high demand) in the 1970s still suffered from the general fall in productivity growth rates.

However, Mr Britton says growth after 1973 became more volatile. The loss of output in the recessions of the mid-1970s and the early 1980s was not made up by faster growth in subsequent years.

Thus in the 1980s, the decade of the "conservative revolution" in Europe and America, average OECD output growth of 2.8 per cent a year was almost the same as in 1973-79 when economic expansion was supposedly fettered by rampant growth of the nanny state.

But the recession precipitated by tight money policies to defeat inflation cost the OECD countries 2.5 per cent of GDP, a loss which may prove permanent.

The "conservative revolution" was intended to allocate resources more efficiently through deregulation of markets rather than boost the underlying rate of technical progress, for which markets are not necessarily best suited. But even here it has failed to achieve "a general and sustained acceleration in productivity growth".

OECD labour productivity area rose 1.7 per cent a year on average in the 1980s, though in particular sectors in particular countries gains were more impressive.

In spite of this, Mr Britton is "cautiously optimistic" on the outlook to the end of the decade. He believes the 1980s have left the market economies in relatively good shape to take advantage of growth potential.

In the absence of big increases in investment (low savings) or in labour supply (population ageing), this will depend mainly on technical progress and/or the more efficient use of resources.

Indulging in some crystal-ball gazing, Mr Britton believes the slowdown in military spending following the end of the cold war could reduce the pace of technological advance in the long term, though in the medium term growth could benefit from more productive use of liberated resources.

European economic integration will further boost efficiency, though against that is the possibility that the world trade talks may fail. Finally, Mr Britton expects a move to the political centre from the right in the US, Britain and Germany, but no return to more interventionist policies.

In eastern Europe the parallel is with western Europe in the 1950s. The same potential exists for a rapid rise in productivity, combined with reduced regulation and an expansion of trade. There is the same need to catch up with existing technical knowledge and the same need for capital.

In western Europe the parallel is with America in the 1950s. It is not expected to experience anything like the possible boom in the east but the National Institute is predicting annual growth of 2.6 per cent in 1993-95 and 2.8 per cent in 1996-99 for the big seven economies.

"We are not forecasting a new 'golden age' of rapid growth in the market economies, but we do foresee continuing progress and overall a better performance than that of the 1970s or even the 1980s", Mr Britton says.

**Economic Growth in the Market Economies 1950-2000, by Andrew Britton. Discussion Papers Vol.1, No.1 (New York, United Nations Economic Commission for Europe, 31pp).*

New stock helps lift gilt market profits 22%

By Sara Webb in London

GILT-EDGED market makers (GEMMs) reported an overall operating profit of £49m ($88.7m) in 1991, up 22.5 per cent on the previous year.

This is only the second year since Big Bang in 1986 that the group of 18 firms has shown an overall profit. They were helped by the government's return to issuing gilts during 1991, favourable market conditions, the absence of volatile market movements, and benefits of cost-cutting.

The figures, in the Bank of England's *Quarterly Bulletin**, were released ahead of publication tomorrow.

Last year also marked the first time since Big Bang capital dedicated to the gilt market increased, from £395m for the group at the beginning of the year, to £432m at year-end.

The figures will interest companies considering starting up as GEMMs.

Deutsche Bank has said it will begin trading gilts soon. Nikko, Yamaichi and Morgan Stanley are expected to follow suit. The Bank's report says only a few of the 18 GEMMs incurred losses last year.

A main reason given for the performance of the gilt market was the government's need to issue new stock to meet borrowing requirements.

After three successive years during which the market shrank, the Bank of England began issuing gilts again in January 1991. New issues totalling £13.9bn *in nominal terms* were announced last year.

"There can be little doubt that the growth of the gilt market. . .acted as a stimulus to investor interest" reports the Bank.

**The gilt-edged market: developments in 1991*

Merchant banking no longer considered a core activity

Royal Bank may sell Charterhouse

By Jane Fuller

THE ROYAL Bank of Scotland may sell all or part of Charterhouse, its merchant banking subsidiary which wants to expand on the continent.

Royal Bank bought Charterhouse in 1985 and has invested a total of about £200m in it, but merchant banking is no longer regarded as a core activity. Mr George Mathewson, recently promoted to chief executive of the Royal Bank, said yesterday this view had come out of the restructuring announced in late 1990.

To enable Charterhouse to pursue its ambitions on the continent, "there may be a change of ownership structure". But this should not be seen as putting the merchant bank up for sale. He stressed that Royal Bank did not need to sell to bolster its financial position. "We have the second strongest balance sheet in the UK banking sector."

Charterhouse, which is London-based, has retained much of its autonomy. "That's the secret of its success," he said.


George Mathewson: change of ownership structure

In the restructuring it was kept separate from the group's corporate and institutional banking division.

Mr Mathewson said Charterhouse had proved a good investment. The idea of bringing in a continental partner was not based on any failure.

In the year to September, the merchant bank contributed £38.5m to group profits before provisions of £428.7m. Its share of the £359.5m charged for bad debts was £18.6m. Net of this, Charterhouse's total of £22.3m was down from £48m the previous year.

Its continued profitability contrasts with TSB's experience with Hill Samuel, although since TSB bought the merchant bank for £777m just over four years ago, it has lumped in with it all of its lending to companies.

Mr Victor Blank, chairman and chief executive of Charterhouse, said the sort of partner being looked for was a big bank in Germany or France. It already had development capital and other activities in Spain, Sweden, France, Germany and Italy.

The new move could involve the partner taking a stake – not necessarily a controlling one – or buying it outright. Alternatively a joint venture might be set up, although Mr Mathewson said it was highly unlikely that any more money would be invested by Royal Bank. While there have been "a couple of exploratory discussions" in the past, no negotiations are currently taking place.

To buy the merchant bank, Mr Blank said he did not know whether the multiple of capital would be "1, 1¼ or 0.8. We're in recessionary times and there aren't many buyers around." Such a multiple would be based on £187m of disclosed capital plus "some hidden reserves".

Before the recession, in November 1989, Deutsche Bank paid £950m for Morgan Grenfell, which made £57.2m pre-tax profit that year. After a 19 per cent profit fall in 1990, Morgan Grenfell said its returns were measured not by the £950m purchase price, but by the £350m of capital in it.

Cheltenham & Gloucs 25% profit expansion

By David Barchard

CHELTENHAM & Gloucester, the sixth largest building society which has grown much faster than the rest of the industry since 1985, defied the recession yet again last year by raising its pre-tax profits by 25 per cent.

The society's 1991 results, to be announced on Thursday, will show that pre-tax profits passed £180m, up from £144.7m in 1990.

This was achieved despite sharply increased losses on bad loans. These rose from £17m to over £100m, but more than £60m of them came from the small £800m-assets Portsmouth Building Society, which C&G absorbed in a rescue operation early last year.

Mr Andrew Longhurst, chief executive, will point out on Thursday that C&G has effectively doubled its total assets in just two years to over £14bn.

The increase has come partly from a series of aggressive mergers in which C&G has absorbed smaller societies, but also from organic growth of its core businesses.

Unlike most other top ten building societies, C&G has not diversified into new banking activities, and concentrates on its traditional saving and mortgage loan businesses for upmarket customers. It is the only one of the fifteen largest societies which does not offer its customers the use of cash machines.

As a result, its costs are among the lowest for the entire banking sector at under 27 per cent of its income.

It is now vying with Leeds Permanent for the fifth place by asset size in the building society industry.

Major shareholders win the day at Conroy Petroleum

By Tim Coone in Dublin

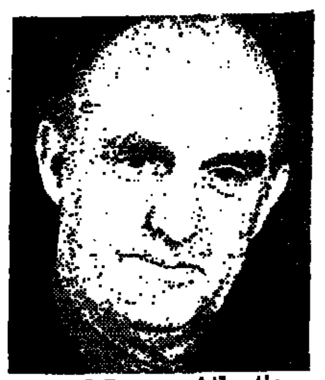
MR RICHARD Conroy, founder and chairman of the Irish exploration group Conroy Petroleum and Natural Resources, was voted off the board along with the other nine directors at a packed nine-hour extraordinary meeting in Dublin.

The vote went about 60:40 against Mr Conroy, although around 90 per cent of the small shareholders backed the existing board.

A new eight-man board under the control of the company's two major shareholders takes over. The shareholders, Outokumpu, the state-owned Finnish mining and industrial group, and Dundee Bancorp, a financial offshoot of Canada's Corona International, have a combined holding of 43.35 per cent.

The new board announced that it was to begin "a detailed assessment of the company's operations immediately," and that Mr Graham Mascall, managing director of Outokumpu, and Mr Paul Carroll, a director of Dundee, would be temporary joint chairmen until "an independent Irish chairman" was appointed.

Hostility to Mr Conroy first surfaced in 1990 when the companies' two nominee directors, one of whom was Mr Mascall, resigned over disagreements on ore marketing arrangements for the chief asset – the 6m ton zinc/lead orebody at Galmoy, 70 miles south-west of Dublin. Mr Conroy objected to an Outokumpu proposal giving it sole and exclusive marketing rights to the ore.


Richard Conroy: Atlantic purchase was good value

The boardroom coup was precipitated though by Conroy's I£7.7m share exchange acquisition last year of Atlantic Resources, an Irish oil/gas exploration company.

The two main shareholders argued that this was overpriced, was diverting Conroy's attention from developing Galmoy, and were clearly angered by what they saw as Mr Conroy's effort to dilute their holding in the company.

Mr Conroy has remained adamant, though, that the Atlantic deal "was good value", creating total oil and gas assets which he estimated "at between I£9m and I£10m".

The new board is likely to sell off Conroy's oil and gas assets and to focus efforts on Galmoy, which would dovetail better with Outokumpu's other zinc mining interests in Ireland. These are the Tara mine at Navan, western Europe's biggest zinc mine, and its 24 per cent stake in the 13.5m ton zinc/lead deposit at Lisheen, close to Galmoy.

At the meeting, Mr Mascall said it would be the intention to bring Galmoy into production "as soon as possible". Mr Conroy said: "I am fully supportive of that. That is what I have been trying to do".

Cost of developing Galmoy is put at some I£65m, once planning permission is approved. When in production the mine should be one of the lowest cost producers in the world.

Franchise bid was not too high – INBC

By Raymond Snoddy

The Independent National Broadcasting Company has attacked suggestions that its bid of just over £4m for the second national commercial channel was too high.

Its bid for the pop music licence was more than double the £1.88m second highest offer put forward by TV-am, the breakfast television company, in a joint venture with Mr Richard Branson's Virgin group.

Mr Michael Mallett, chairman of INBC and a former chairman of Yorkshire Radio Network, said that as the station would be based in Sheffield its overheads would be much lower than London.

INBC argued on Friday that it was bidding for a unique franchise – the only national commercial pop music channel – with a potential audience of up 40m.

However, it still has to raise financing of around £12m and a prospectus is expected in the next couple of weeks.

New chairman for P-E Intl

By Alan Cane

P-E INTERNATIONAL, the management and computing group which includes Mr David Bellamy's environmental consultancy among its subsidiaries, has appointed a new executive chairman and assured shareholders that it will pay an unchanged dividend of 6.2p in spite of a poor trading performance.

The new chairman is Mr George Cox, 51, co-founder and former managing director of Butler Cox, a London-based consultancy bought by Computer Sciences Corporation of the US last year.

Mr Hugh Lang, who will be 60 later this year, has decided to retire after 30 years with P-E to give more time to other interests including the chairmanship of Brammar, the industrial distribution and rental services group.

The announcement came earlier than was originally anticipated as expectation of poor results drove P-E's share price down to a low of 103p compared with its 1991-92 high of 195p.

Profits were down by a third at the interim stage and Mr Lang warned that the second six months would also be disappointing, although sales had picked up since the new year.

Mr Cox intends to continue to reduce fixed costs – perhaps through innovative remuneration schemes – while seeking new sources of recurring revenue through longer term relationships with clients.

He thought the consultancy business could significantly improve its marketing skills. "At Butler Cox we were among the best at marketing ourselves and we were terrible," he said.

COMPANY NEWS IN BRIEF

ABERFORTH Smaller Companies: net asset value per share at January 31 was 128.77p basic, 123.97p fully diluted. The C share net asset value was 96.28p.

BEALES HUNTER announces 91.7 per cent of its recent rights issue has been taken up.

BILSTON & BATTERSEA Enamels is taking over the trade sales and trade marketing functions from Halycon Days (London) through the acquisition of Enamel Distributors for £420,000 cash, in respect of goodwill. Halycon has entered into a new eight-year design and supply agreement with Bilston for payment of £130,000 cash.

FR GROUP chairman and chief executive, Mr Michael Cobham, will on February 22 relinquish the role of chief executive and will be succeeded by Mr Gordon Page, currently deputy chief executive. Mr Cobham will continue as chairman.

FROST GROUP has, through Save Service Stations, its petrol retailing subsidiary, acquired six petrol retailing sites for £1.13m cash. Frost now has 85 sites.

Kvaerner makes two UK acquisitions

Humphreys & Glasgow and Earl & Wright, two UK offshore engineering businesses owned by Dallas-based Enserch, are being taken over by Kvaerner of Norway. Kvaerner is spending £15.5m on the two companies and a major holding in British Offshore Engineering Technology.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Philips (Holland)	Whittle Communications (US)	Media	£97m	Initial 25% stake
Wolseley (UK)	Brossette (France)	Plumbing supplies	£95m	Seeking European development
Marsh & McLennan (US)	Faugere & Jutheau (France)	Insurance broking	£58m	Buying outstanding two-thirds
Grolsch (Holland)	Ruddles (UK)	Brewing	£42.6m	Building premium portfolio
Thorn EMI (UK)	Remco (US)	Home entertainment rental	£30m	Further US expansion
Senior Engineering (UK)	Flexonics (US)	Tubes & hoses	£22m	Good fit says Senior
Vodafone (UK)	NordicTel (Sweden)	Mobile telecoms	£22m	Phased 25% stake
IBM (US)/Tata Industries (India)	Tata Information Systems (JV)	Computers	£14m	IBM returns to India
TMG (Sweden)	IEL Travel (UK)	Travel agency	£3.2m	Hillsdown non-core disposal
British Gas (UK)/ Sade (France)	Temare (JV)	Pipe maintenance	n/a	50/50 venture

Source: FT Mergers + Acquisitions International

COMPANIES AND FINANCE

Petrobras loss raises fears for debt servicing ability

By Christina Lamb in Rio de Janeiro

PETROBRAS, Brazil's state oil monopoly, has made its first loss, turning a $557m 1990 profit into a deficit of $237m for 1991.

The result raises fears among investors over Petrobras' ability to service and repay the $761m in Eurobonds it has raised since last July.

For the first time since the company's creation in 1953 it will not pay a dividend.

Petrobras pioneered Brazil's recent return to the international capital markets using the slogan "we're a good company with a bad address".

However Mr Antonio Claudio Pereira da Silva, the company's superintendent of finance, said yesterday that he considered the result was positive because it was linked to "financial adjustments rather than operating performance".

He blamed the losses on new accounting laws which require assets to be revalued according to inflation, while liabilities are adjusted against the dollar. Last year the dollar rose 528 per cent against the cruzeiro compared with inflation of 477 per cent.

The new accounting requirement is expected to result in many companies presenting surprise losses.

While the parent company made profits of $118m its subsidiaries reported losses of $355m. Petroquisa, the petrochemical arm, lost $150.5m, Braspetro, its international division, lost $72.8m, Petrofertil, its fertiliser subsidiary lost $50.5m and Petromisa, its mining division, lost $113.8m.

The company's gross revenues of $18.9bn were, however, 11.8 per cent down on 1990. Petrobras has debts of $3.8bn of which $2.6bn are short term.

Edison in Deutsche Shell deal

By Haig Simonian in Milan

EDISON, the stock market listed energy subsidiary of Italy's Montedison group, is buying the Italian activities of Deutsche Shell for $230m.

The activities include a share of around 49 per cent in a series of licences to extract natural gas from 13 fields concentrated in the Adriatic.

Edison said its share of the total gas reserves in the fields will amount to over 20bn cubic metres. The remaining share is held by AGIP, the Italian state-owned energy group.

The deal will boost company plans to triple its natural gas output to around 2bn cubic metres a year over the next 20 years, representing around 12 per cent of national demand. The acquisition should make Edison the biggest private-sector energy group in Italy, said an official.

● Italcementi, Italy's biggest cement producer, has acquired 70 per cent of Cemos Ostrava, one of Czechoslovakia's biggest cement groups. The deal follows December's purchase by Italcementi of Cement Hranice, the largest cement producer in Czechoslovakia.

Together, Cement Hranice and *Cemos Ostrava control* about 15 per cent of the Czechoslovakian cement market. Italcementi, which is part of the Italmobiliare group, has an annual capacity of around 20m tonnes and controls about 36 per cent of the Italian market.

Ciba-Geigy to announce results abroad

By Paul Abrahams

CIBA-GEIGY, the Swiss chemicals group, is to announce its results outside Switzerland for the first time. The company will present the figures in London on March 26, in its efforts to internationalise its shareholding.

The decision follows a doubling in the proportion of shares in foreign ownership to 30 per cent over the past two years. About 20 per cent of the trades in Ciba-Geigy shares is London-based, according to the company.

The announcement will be broadcast live to Ciba-Geigy's head-office in Basle. The company is also considering holding the results in New York next year and Tokyo in 1994.

Bank Leu profits recover

BANK Leu, whose profits were virtually eliminated in 1990 by a massive fraud, bounced back last year, achieving a net profit of SFr33.1m ($23.4m) writes Ian Rodger in Zurich.

Leu, which was taken over by CS Holding, the parent of Crédit Suisse, in 1990, said net interest earned rose by SFr43.9m to SFr104.7m. Net commissions were virtually unchanged at SFr65.9m as were earnings of SFr27.3m from foreign exchange and precious metals dealing.

Total assets dropped 5.1 per cent to SFr12.9bn, as the bank continued to reduce its interbank business.

NRI TOKYO BOND INDEX

December 1983 = 100	PERFORMANCE INDEX 06/02/92	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	170.52	5.52	170.98	165.40	158.19
Government Bonds	169.03	5.41	169.92	163.49	155.95
Municipal Bonds	172.36	5.90	172.60	167.74	160.19
Govt.-guaranteed Bonds	174.75	5.89	174.90	170.04	162.89
Bank Debentures	166.48	5.25	166.69	161.71	155.12
Corporate Bonds	172.93	6.32	172.68	168.43	160.77
Yen-denom. Foreign Bonds	177.04	6.87	176.81	172.63	166.26
Government 10-year†	5.66		5.56	5.99	6.48

† Estimated par yield

Source: Nomura Research Institute

Mitel share price leaps on BT sale speculation

By Bernard Simon in Toronto

THE share price of Mitel, the Canadian telecommunications equipment maker, has almost doubled in the past week amid speculation that Britain's BT is about to sell its controlling interest, or that the loss-making Ottawa company is on the verge of a long-awaited earnings turnround.

The surge in the share price, from 90 cents to C$1.75, took place in exceptionally heavy trading. Over 5m Mitel shares changed hands last week. The share price touched a peak of C$2.01 on Friday on the Toronto Stock Exchange.

Mitel said in a statement that "there are no developments to report" regarding BT's two-year effort to dispose of its 51 per cent stake. But a company official acknowledged that the management in Canada was "not totally aware at all times of what negotiations are going on".

BT paid C$320m, or C$8 a share, almost seven years ago for its stake in Mitel, whose specialty is small and medium-sized office PBXs. BT will almost certainly take a sizeable loss if a buyer is found soon.

Mitel has been in the red for seven consecutive quarters, but last week reported that its loss fell to C$3.4m (US$2.93m) in the three months to December 27, from C$5.9m a year earlier. The operating loss narrowed to C$4.4m from C$7.2m.

The company recently won a contract to supply the US navy.

Tiger Oats makes R370m rights issue

By Andrew Jack

TIGER OATS, the food, pharmaceuticals and fishing subsidiary of the Barlow Rand group of South Africa, has launched a 10.5m share three-for-forty R370m rights offer to fund acquisitions and generate cash.

A circular to shareholders gives them the right to buy 15 ordinary shares for every 200 held at 3700 cents each. The offer closes on February 28.

Full speed ahead for IBM and Bull

Alan Cane on the rationale behind the computer groups' accord

Engineers from Groupe Bull, the French computer manufacturer, will begin to take up residence at International Business Machines' computer design centre in Austin, Texas, within the next few days.

Their arrival will be the first and most controversial consequence of the technological and marketing agreement concluded recently between the two computer makers.

In Austin, the Bull team will work with IBM and its partners Apple Computers and Motorola on the design of microchips planned to be at the heart of tomorrow's personal computers. Bull will have a unique window into the future of computer technology.

While almost every important detail of last week's agreement has yet to be spelled out in detail – the size of the equity stake IBM has agreed to take in Bull, for example, or the annual value of Bull's orders for IBM's small disk drives – both companies appreciate the need for speed if they are to make the most of their initiative.

Within months, Bull will be selling IBM mid-range computers badged with Bull's green tree logo; by the end of the year, the cabinets will be Bull's but the chips at the heart of the system will still be IBM.

The new understanding between IBM, the world's largest computer maker, and Bull, state-owned and losing money heavily, began as a search for a straightforward technology agreement. Bull needed a source of a new technology called "reduced instruction set computing (risc)" available only from US suppliers – IBM, Hewlett Packard (HP), Digital Equipment, Sun Microsystems and Mips. It elected to choose between IBM and HP.

Michael Armstrong: led final stages of deal for IBM

IBM was looking for a partner to licence its risc technology to increase manufacturing volumes and improve distribution. In the past year it has struck oem (original equipment manufacturer) deals with Wang of the US for personal computers and mid-range machines and with Siemens of Germany for memory chips.

The deal with Bull, however, has grown into a complex, two-way relationship which will have far-reaching consequences for the world computer industry. "Bull's position as a viable vendor has received a much needed boost" the Gartner Group, a well-regarded US consultancy said, immediately following the deal.

Risc technology was invented by IBM. It makes possible powerful but low cost computer systems through simple silicon chip design in combination with complex software. It is seen as the technology of choice for mid-range computers and, increasingly, personal computers. Typically, risc computers run the Unix operating system, developed by AT&T and set to become the industry standard for small and medium computers.

The key to making profits from risc computers, as for personal computers, is high volume and efficient distribution.

Mr Bob Dies, director-general, products and systems, IBM Europe, and his opposite number at Bull, Mr Michel Bloch, managed the burden of the negotiations. Mr Michael Armstrong, head of IBM world trade, and Mr Francis Lorentz, Bull chairman and chief executive handled the final stages.

The French government, as Bull's majority shareholder, gave its approval to Mr Lorentz's desire to seal a deal with IBM: "We did not know we had been selected until Mrs Cresson, the prime minister, announced it" Mr Dies said.

IBM lost money for the first time in 1991 and has put in place a profound restructuring strategy to restore profitability.

There was little to choose between the risc technology on offer from IBM and HP in the view of Bull's experts. Why then did Mr Lorentz opt for IBM? He gave six reasons.

● IBM would be prepared to take a large number, perhaps 100,000, of portable computers a year from Bull subsidiary Zenith Data Systems to sell under its own label.

● There was the possibility of creating a separate, global, printed circuit board business based on Bull's manufacturing facilities at Angers, France, and Boston in the US.

● Bull would take the lead in developing powerful networks of risc processors, an advanced technology called "symmetrical multiprocessing (smp)". IBM would benefit from being able to save resources it would otherwise have to pour into its own smp project.

● A computation of the profit and loss account over four years for each of the potential partners came out in IBM's favour.

● He believed that software houses – whose application programs can make or break a hardware supplier – would be more encouraged to write for IBM designs than for HP.

● He was concerned about speculation, however absurd, that Hitachi, the Japanese electronics giant, might launch a takeover bid for HP. HP licences its own version of risc to Hitachi, which builds workstations based around it.

The agreement transforms Bull's credibility but as the Gartner Group points out, its future is dependent on the delivery of the products. Gartner believes there is only a 75 per cent chance of success in the symmetrical multiprocessor development.

L'Oréal sales rise 10%

By Alice Rawsthorn in Paris

L'OREAL, the French cosmetics group, reported a 10 per cent increase in 1991 sales to FFr33.44bn ($6.18bn) and said net profits for the year have grown at a faster rate.

This represents a slight slowdown in the rate of sales growth for L'Oréal, a leader in the international beauty industry and the world's biggest single cosmetics company, in 1991 compared with 1990.

During 1990 L'Oréal, whose brands include Lancôme cosmetics, Giorgio Armani fragrances and the Helena Rubinstein beauty range, mustered sales growth of 11.7 per cent to FFr30.4bn with net profits growing by 15 per cent to FFr1.69bn.

However, sales of beauty products have been affected by the economic slowdown in the past year or so. Moreover L'Oréal, in common with other perfume companies, was affected by the impact of the Gulf war on the important duty free market during the first quarter of 1991.

Banco de Santander ahead

By Tom Burns in Madrid

BANCO DE SANTANDER, the most international of Spain's big banks, raised net group profits in 1991 by 17.8 per cent to Pta75.1bn ($777.1m) and will increase its dividend by 11.3 per cent to Pta240 per share.

Mr Emilio Botin, chairman, said the results had been positive despite lowered credit demand and a rise in doubtful debts. He said the group was in the front rank of profitable financial institutions.

The financial margin rose by 8.1 per cent to Pta211.9bn and income from fees was Pta70.9bn, up 24.6 per cent on the previous year. Provisions for reserves and writedowns rose 46 per cent to Pta64bn. Return on assets was 1.36 per cent, against 1.3 per cent.

Mr Botin said he was "very satisfied" with the purchase last year of 13.5 per cent of First Fidelity Bancorporation, of the US for $220m.

By the end of last year 36 per cent of the Santander Group's assets were foreign-based and international business accounted for 27 per cent of earnings.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Prices rise as solid run continues

A BUMPER week for gilt funding ended with prices moderately higher, continuing the solid run of recent weeks for the UK government bond market.

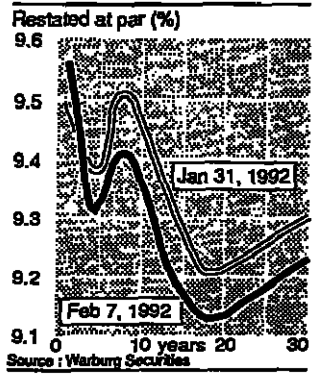
The Bank of England took the opportunity of a firm market to announce gilts funding worth a total of £1.8bn. The move seemed aimed partly at raising money for the 1992-93 public sector borrowing requirement (PSBR), which could total some £24bn, roughly twice the figure for this year.

With sterling undergoing few signs of strain in the European exchange rate mechanism and with recessionary conditions likely to continue for some time, gilt yields continued on a downward path.

Since the start of 1992, yields have come down faster than for all the other important types of government bonds, illustrating the attraction of the securities for investors both in the UK and overseas.

The prospect of a large amount of new gilt issues in the financial year beginning in April continues to worry some investors, as it might depress prices. But even allowing for the nervousness that may affect the market ahead of the general election, the outlook for gilt yields seems fairly positive.

UK gilts yields



The firm state of the market was underlined when three tap stocks totalling £550m announced by the Bank on Tuesday sold out the day afterwards, as a result of considerable pent-up demand for securities maturing around the end of the century. The instruments comprised £150m of the 9½ per cent Treasury loan due 1999, £150m of the 12¼ per cent exchequer stock due 1999, and £250m of the 9½ per cent conversion stock due 2005.

This was followed on Friday by news of an issue of £1.25bn of 9 per cent cent Treasury stock due 2012, available for dealing from today. The Bank set an issue price of 99.25 per cent, with 50 per cent payable up front and a redemption yield of 9.08 per cent.

Including Friday's issue, the first new gilt to be unveiled by the Bank for four years, total announced funding by the Bank so far this financial year comes to some £15bn. Allowing for gilt redemptions of £6.5bn and some £3bn of gilts thought to have been sold by the Bank unannounced, the authorities appear to have already funded the estimated £11bn PSBR for this year.

Last week, prices rose for gilts at all parts of the yield curve, apart from extremely short-dated bonds. On Friday night, the 10 per cent Treasury bond maturing in 1994 closed at 101$\frac{1}{32}$, up from 100¾ the week before. The yield crept down to 9.48 per cent.

Since the start of the year, according to figures for annualised yields worked out by UBS Phillips and Drew, 10-year gilt yields have come down by 44 basis points (0.44 per cent). That is in contrast to a reduction in yields for German and French 10-year government bonds of 15 and 22 basis points respectively, while Japanese and US bonds of an equivalent maturity have seen yields respectively unchanged and 47 basis points higher.

Over the next few weeks, more heavy funding by the Bank seems likely, given the possibility that as the date of the election draws nearer, nervousness about the outcome may well depress prices in the gilt market. With the likelihood of a rise in yields closer to the poll (which many think will be in April or May) it is probably in the Bank's interests to sell gilts sooner rather than later.

The economic data due to be announced over the next week are likely to do little to puncture the expectations of a slow recovery from the recession, with inflationary pressures extremely small. Figures for UK credit business due to be announced today are thought likely to show that consumers repaid borrowing worth a net £50m last month, underlining the weak state of demand. On Friday, the headline inflation rate is expected to be 4.4 per cent, against 4.5 per cent in December.

Peter Marsh

NEW ZEALAND BONDS

Foreign investors turn away nervously

UNACCUSTOMED nervousness has struck New Zealand bond markets following the surprise failure of last week's NZ$350m (US$194.4m) tender in government bonds.

State tenders have customarily been oversubscribed three or more times, and the failure, the first since 1986, has sharply focused attention on the dwindling support for these issues from overseas.

Figures released on Friday, two days after the announcement that only $NZ233m of the tender had been taken up, show that overseas investors practically halved their exposure to New Zealand government debt last year.

At December 31, foreign holdings were 10.1 per cent of the total stock on issue, down from a peak of 19.7 per cent in March, or NZ$2.08bn, against $NZ1.24bn.

The New Zealand bond markets have always relied on offshore support. What some observers sense as growing disenchantment is worrying policymakers as the government is still only part way through its $NZ6.2bn borrowing programme for the financial year to June 1992.

A further $NZ2.6bn of bonds is still to be sold, in seven tenders. Originally only four were planned, but an extra three, of NZ$350m each, were scheduled following the Treasury's revised December fiscal forecasts of a NZ$1bn budget shortfall.

Falling overseas interest in New Zealand bonds follows a steady drop in yields. In 1991, five-year bond yields fell from 13 per cent to 8.5 per cent. This is in line with rapidly falling inflation which is now down to just 1 per cent. The New Zealand dollar has fallen in value by 11 per cent.

There is pressure on the government and the Reserve Bank, which handles monetary policy, to let rates fall further: real interest rates in New Zealand are among the highest in the world. However the failure of last week's bond tender suggests this is most unlikely. Rates, especially longer term, are expected to rise.

The Treasury is expected to try to reawaken overseas interest in New Zealand bonds. However many US and other investors tend to lump Australia and New Zealand together for investment purposes. New Zealand is seen to be suffering from international uncertainties over the Australian economy.

In spite of some recent firming, New Zealand bond yields are significantly lower than Australia's. Five-year Australian rates are about 9 per cent, compared with 8.8 per cent in New Zealand and 10-year Australian bonds are 10.10 against 9.45 per cent here.

The average interest rate for five-year bonds in the failed tender was 8.86 per cent, compared with 8.51 in the January 23 tender. An average 9.37 per cent was paid for 10-year bonds (against 9.06 per cent).

Some traders argue the tender failure was a one-off aberration. The tender was made one day before the Waitangi Day public holiday. Traders also argue that the maturity schedule needs readjusting. Last week's underbidding was in the usually sought-after November 1996 bonds, while the November 2002 were all sold locally.

The failure followed a string of more favourable economic news, but there have been rumours that New Zealand could face a credit downgrade from Standard and Poor's because of its stubbornly high level of overseas debt.

Terry Hall

US MONEY AND CREDIT

Jobs figures check market rally

THE scenario was familiar. Midweek, the authorities appeared to hold out hope of another early interest rate cut. By the end of the five trading sessions, nobody was quite so sure.

The early excitement centred on remarks by Mr Alan Greenspan, Federal Reserve chairman, to a Congressional committee. On Tuesday, the same day the policy-setting Open Market committee was meeting, the Fed chairman seemed to go out of his way to emphasise that the authorities would be willing to lower interest rates further, should the need arise.

Stating first that he expected that the amount of "monetary ease in the pipeline is adequate to turn the economy on the path of sustained recovery" – a reiteration of his remarks a week earlier – Mr Greenspan now added that the authorities were "continuing to evaluate whether some additional insurance in the way of further monetary ease would be appropriate".

This was enough for bond dealers. Up went prices of Treasury securities and down went yields, although trading remained fairly thin. By the end of the day, the bell-wether long bond had gained almost a full point, to return 7.74 per cent compared with 7.81 per cent a day earlier.

But the mood quickly turned more cautious, both ahead of and after publication of the January unemployment figures on Friday. Forecasts for these numbers had shown an abnormally large range – with some pundits predicting that the decline in non-farm payrolls could be as high as 125,000, and others suggesting that payroll employment could increase by as much as 100,000.

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	3.62	4.50	3.63	11.00	2.00
Three-month Treasury bills	3.82	3.91	3.90	8.29	3.76
Six-month Treasury Bills	3.89	4.04	4.00	7.70	3.81
Three-month prime CDs	4.02	4.15	4.07	7.17	4.01
30-day Commercial Paper	3.90	4.05	4.00	7.12	3.90
90-day Commercial Paper	3.92	4.00	3.97	7.02	3.92

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	97 [illegible]	+ [illegible]	6.77	6.86	6.53
20-year Treasury	115 [illegible]	+ [illegible]	7.55	7.56	7.19
30-year Treasury	102 [illegible]	- [illegible]	7.77	7.76	7.46

Source: Salomon Bros (estimates).

Money supply: In the week ended Jan 27, MI rose by $11.8bn to $924.4bn

In the event, the data rolled out at the more bearish end of these predictions. Non-farm payrolls declined by 91,000 and manufacturing employment by 52,000, although the unemployment rate held steady at 7.1 per cent.

For bond market optimists, such figures should have been sufficiently discouraging to prompt some signal from the Fed that further easing would, indeed, be forthcoming in the short-term. Yet no signal was forthcoming.

So bond prices yo-yoed ambivalently as dealers tried to make sense of the situation. While the stock market fell sharply, the price of the 30-year long bond first moved higher and then ended the day marginally lower, to offer a yield of 7.755 per cent. After all these shenanigans, however, the situation remained little changed for the week overall; seven days earlier, the long bond yield had stood at 7.76 per cent.

In the meantime, news from the corporate sector, in the throes of the reporting season, has been mixed. On the plus side, there have been relatively few new horror stories, and a lot of vaguely worded optimism about prospects for the latter half of 1992.

Retail sales reports from the large store chains for January also showed unexpected strength, although the comparable period a year ago was extremely weak and promotional activity remains rife. On the minus side, the stream of restructuring announcements (most of which involve job cuts of some description) continues to flow.

So what will interest rates do next? Sentiment seems to split between two camps. There is one school of thought which argues that, in the authorities' eyes at least, the effects of December's discount rate cut have not had time to work their way through the economy. Accordingly, the Federal Reserve may be prepared to sit on its hands for a while yet.

The more pervasive view – in the bond markets at least – still maintains that any "real" recovery would be unlikely to arrive until the third quarter at the earliest. If so, runs the argument, the Fed has ample room – and ample reason – to ease again, in the near term.

"It remains our view that interest rates will decline in the near term," suggested analysts at Donaldson, Lufkin & Jenrette on Friday, for example. The reasons, they suggested, were simple: "the continued weakness of economic activity, the likelihood of good inflation statistics over the next few months and the likelihood of some further slight easings of monetary policy by the Fed".

As for the week ahead, interest will probably centre on the last two trading days. Thursday sees the publication of the retail sales figures for January; the general consensus here is for a very modest increase once car sales are excluded, perhaps 0.1-0.5 per cent.

And on Friday, the producer price index for January should also arrive, with forecasts generally suggesting a small decline overall – a reflection of falling energy prices – or a very modest 0.1 per cent gain in the "core" rate.

Nikki Tait

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]				

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on February 7

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Saudi Aramco taps market for $2.4bn

SAUDI Aramco, the Saudi state-owned oil company and the world's largest oil exporter, is tapping the international syndicated credit market for the first time with two loans amounting to $2.4bn.

The Saudi oil group is the latest to join a rapidly lengthening list of Middle Eastern borrowers in the international capital markets.

Currently J. P. Morgan is assembling a group of international banks to participate in a $1.5bn four-year general purpose facility for Saudi Aramco, and a $900m 10-year loan for Vela International, Saudi Aramco's wholly owned subsidiary.

The US bank has carved out a niche as the arranger for many of these prestige Middle Eastern credits, including the $4.5bn loan for Saudi Arabia and $5.5bn loan for Kuwait's reconstruction, both of which were launched last year.

The facility for Saudi Aramco is quite tightly priced, with a margin of 40 basis points over the London interbank offered rate (Libor) rising to 45 basis points during the lifetime of the loan.

Saudi Aramco carries the full risk weighting under the Basle guidelines on international bank capital adequacy, so bankers expect to be rewarded for the additional capital expense with generous fees – as was the case with the loan to Kuwait.

The $900m loan for Vela International is one of the largest shipping loans to be launched in the international markets.

The margin is 60 basis points over Libor, rising to 70 basis points and the loan will be used to finance the purchase of several tankers.

At present Saudi Aramco pumps about 8.5m barrels a day (b/d), and it has plans to boost its sustainable oil output capacity to 10m b/d by the middle of the decade. The kingdom is expected to spend more than $33bn on the development of its oil industry by the end of the decade, including at least $10bn on upgrading its domestic refineries, $6bn on the petrochemical industry, and about $2bn on expanding its oil tanker fleet.

According to one bank, two other Saudi borrowers are in discussions with bankers about the possibility of launching large loans. Sharq Petroleum may try to launch a $300m facility while Ibn Sina (National Methanol Company) may launch a $275m facility, although both are likely to be domestic rather than international deals.

● Lasmo, the UK oil exploration group which bid £1.1bn for oil and gas group Ultramar, has completed a £450m three-year revolving credit which will be used to retire some of Ultramar's debt.

The facility, arranged by Barclays, was originally launched as a £200m revolving credit "for general corporate purposes" at the beginning of January. However, the deal was oversubscribed by nearly £500m, so Lasmo decided to use the opportunity to pay off some of Ultramar's debt.

The margin on the facility is 60 basis points over Libor with a commitment fee of 30 basis points on the undrawn balance.

Sara Webb

EUROMARKET TURNOVER ($m)

	Primary Market US $	Primary Market Non-$	Secondary Market US $	Secondary Market Non-$
Fixed income bonds				
Euros straight	1,405.6	2,847.6	29,176.1	59,162.8
Other straight	0.0	2,647.9	858.5	109,409.5
Convertible	0.0	104.2	1,460.0	1,245.6
Money market instr				
FRN	160.0	0.0	6,686.3	4,675.2
CD's	177.0	132.0	1,187.1	590.1
Short $ MT Notes	12,145.1	4,826.8	6,737.3	12,428.1
Warrants	0.0	0.0	682.9	396.0
Equities	0.0	- 0.0	299.4	1,536.2
Total	13,877.7	10,568.6	46,925.6	189,623.5

	Cedel	Euroclear	Total
US$	23,618.4	37,184.9	60,803.3
Other	65,388.6	134,793.5	200,182.1

Week to February 6, 1992
The Warrants and Equities figures are from Euroclear only. Source ISMA

INTERNATIONAL BONDS

Regulators get to work on capital adequacy standards

THE regulatory revolution which overtook the banking industry in the late 1980s will soon hit the international bond market. At the heart of the changes are common capital adequacy standards for securities firms currently being drafted by international regulators.

Capital adequacy standards ensure that institutions maintain sufficient capital to back loans or bonds held on the balance sheet. Capital can absorb losses, protecting the bank or securities firm against failure should the assets turn bad.

International banks have been working towards common capital standards since the Basle accord was signed in 1988.

The effect has been profound, making capital a rare commodity and forcing banks to focus on return on capital as a key measure of profitability across different areas of business.

However, securities firms and the securities operations of banks, including the underwriting and trading of bonds, were not included in the Basle framework. A striking feature of the international bond market is how few syndicate officials have more than a sketchy idea of how much capital is tied up in their business – and hence the return on capital they are able to deliver.

If the bond market follows the banking industry, this will change dramatically. The negotiations which affect the Eurobond market are taking place at two levels.

The Basle committee of central bank regulators and the International Organisation of Securities Commissions (IOSCO) recently agreed the ground-rules for capital adequacy regulations for securities trading.

In addition, European Community governments are working on a capital adequacy directive and a large exposures directive, which cover similar ground.

Eurobond firms based in London, the heart of the primary market, currently work under capital adequacy rules laid down by the Securities and Futures Authority (SFA).

Under SFA rules, core capital comprises shareholders' funds, but this can be supplemented up to four times by subordinated loans from the parent company.

The amount of capital which has to be set aside against bond holdings is decided by: the value of securities held; the currency in which the position is denominated (volatile Escudos carry a higher capital weighting than dollars or Ecu, for example); the maturity of the securities (a holding of 30-year bonds requires more capital than a holding of two-year notes); and the credit quality of the issuer.

The net result is that capital requirements can be less than 1 per cent for a holding of short maturity bonds issued by a high-grade issuer in a low-volatility currency. Alternatively, a holding of 20-year bonds issued by a sub-investment grade company in a high-volatility currency can carry a 30 per cent capital requirement.

The same system applies to bonds held in the process of new issue underwriting, except that there is "grace" period until the closing date of the deal, in which only half the usual amount of capital is required.

The Basle/IOSCO agreement and early drafts of the capital adequacy directive differ from these regulations in several key respects:

● The ratio of subordinated capital to shareholders' funds is lowered from 4:1 under SFA rules to just 2.5:1. If this is carried forward, the parent companies will have to inject more pure equity capital into their Eurobond operations, making them more expensive to run:

● The credit quality of the issuer is probably given more weight than under the SFA rules, making it more expensive to hold corporate bonds than government or supranational paper. This could discourage trading of corporate bonds and, possibly, raise underwriting costs:

● The Basle/IOSCO agreement does not cover underwriting risks, avoiding the debate over when capital adequacy requirements should start to "bite" on underwriting positions.

However, EC legislation will tackle this issue. Early indications are that the current underwriting exemption under SFA rules may be replaced by more onerous regulations.

The International Primary Markets Association, which represents new issue firms, is concerned that the new regulations will impose an excessive cost on the underwriting business.

Privately, senior bankers acknowledge that regulations which damage the fragile profitability of the primary Eurobond market would, at best, lead to the withdrawal of less profitable firms.

At worst, additional costs would have to be passed through to borrowers, making the primary Eurobond market a less attractive source of funding.

Simon London

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Optec Dai-ichi Denko(e)♦†	100	1996	4	3⅛	100	Yamaichi Int. (Europe)	3.125
Interbk.Anonim Sirketi(c)‡†	50	1997	5	(c)	100	Bankers Trust Int.	-
Petroleos Mexicanos†	150	1997	5	8¾	100.576	CSFB	8.604
Hosokawa Micron Corp♦	100	1996	4	3⅛	100	Nikko Europe	3.125
Creditanstalt Bkverein.(k)‡†	30	2002	10	(k)	102	Sanwa Int.	-
BankAmerica(o)‡†	200	1997	5	(o)	99.45	Kidder Peabody	-
Bk of Tokyo (Curacao)(p)‡†	100	2002	10	(p)	100.10	Bk of Tokyo Cap.Mkts.	-
Bridas S.A.P.I.C.(t)†	50	1997	5	11¼	98¾	Yamaichi Int.	12.090
ECUs							
K'invest I Orebro†	100	1997	5	8⅞	101.975	Daiwa Europe	8.375
Council of Europe(g)†	100	1994	2	9⅜	100.49	Lehman Bros.	9.063
Osterreichische K'bk(q)†	50	1994	2	9	101.225	Paribas Capital Markets	8.289
AUSTRALIAN DOLLARS							
Eurofima(h)†	135	2007	15	9⅞	95¼	Fay Richwhite	10.513
BMW Australia Finance†	100	1997	5	10¼	101.95	Dresdner Bank	9.739
D-MARKS							
Finnish Real Estate Bk†	150	1997	5	8½	102	WestLB	7.989
Total†	200	2002	10	8¼	102.60	Deutsche Bank	7.836
Daiwa Danchi♦	150	1996	4	4½	100	WestLB	4.500
Eidensha♦	60	1996	4	4½	100	Nomura Bk GmbH	4.500
Kimisawa♦	50	1996	4	4½	100	Daiwa Europe GmbH	4.500
Devt.Bk of Sth.Africa†	200	1998	7	10	101¼	Bayerische LB	9.715
Bque.Nat.d'Paris†	200	2002	10	8	102.70	Dresdner Bank	7.605
FINNISH MARKKA							
Municipality Finance†	100	1999	7	11.55	100	LTCB Int.	11.550
PESETAS							
Republic of Ireland(l)†	10bn	2002	10	10.55	101¼	Bco.Bilbao Vizcaya	10.344
SWISS FRANCS							
Daiko Den.Tsush.(m)★★♦†	55	1996	-	4⅛	100	Daiwa (Switz)	4.125
Chubu Comm.(a)♦★★†	34	1996	-	4⅛	100	Daiwa (Switz)	4.125
Ryoki Kogyo(d)‡†	25	1997	-	(d)	101	Mitsubishi Bk (Switz)	-
Aoki Corp★★†	150	1997	-	7¼	100	Swiss Volksbank	7.250
Tesac Corp(j)★★♦	60	1998	-	4	100	Credit Suisse	4.000
BP America Inc.★★†	150	2002	-	6¾	102	SBC	6.472
ICI Finance†	150	1997	-	6¾	102½	UBS	6.184
SWEDISH KRONOR							
Swedish Export Credit†	500	1997	5	10	101.45	Svenska Handelsbken.	9.621
Inter.Finance Corp†	500	1997	5	10¼	101⅝	Deutsche Bk Cap.Mkts.	9.823
SBAB†	150	1999	7	10.18	100	IBJ Int.	10.100
LIRE							
Fiat Finance & Trade†	150bn	1997	5	11⅞	101.90	Bca.Comm.Italiana	11.358
Nordic Investment Bk†	150bn	2002	10	11.30	101.85	IMI Bank (Lux.)	10.986
Ferrovie Dello Stato(s)‡†	500bn	2002	10	(s)	101	Cariplo	-
Ferrovie Dello Stato†	500bn	1999	7	10.65	100¼	Banco di Napoli	10.598
GUILDERS							
Ned.Invest'bank(i)†	200	2007	15	8⅜	100.55	ABN Amro	8.310
ESCUDOS							
World Bank†	16.9bn	1997	5	11½	100¾	Finantia Soc.d'Inv.	11.295
AUSTRIAN SCHILLINGS							
Council of Europe†	1bn	1994	2	8	101	Creditanstalt-Bkverein.	7.444
DANISH KRONER							
Bacob Finance NV†	300	1994	2	9⅞	101⅞	Den Danske Bank	8.812
YEN							
Intec†	15bn	1999	7¼	6	101⅝	Nikko Europe	5.715
Kobe Steel†	30bn	1997	5¼	5.8	101¾	Nomura Int.	5.403
Kobe Steel†	30bn	1999	7¼	5.9	101⅝	Nikko Europe	5.616
LUXEMBOURG FRANCS							
Eurolease Factor(b)★★†	400	1996	4	8⅞	102	BGL	8.268
Eurolease Factor(b)★★†	300	1995	3	9	102	BGL	8.221
Olympus USA Inc.(b)★★†	1bn	1995	3	9⅛	102	Credit Europeen	8.345
Nordbanken(f)†	600	2000	8	9	102	KBL	8.643
Credisuez(f)†	1.3bn	2002	10	8⅞	101¾	Bque.Indosuez (Lux.)	8.607
Parbel(n)★★♦†	500	1996	4	1	101.15	Bque.Paribas (Lux.)	-
Nat.Investeringsbk(r)★★†	1bn	1993	1	11⅜	102	BGL	9.191

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate notes. ♦Variable rate note. †Final terms. a) Exercise premium fixed at 2.58%. b) Issue launched 31/1/92. Non-callable. c) Callable at par from 3/95 and puttable at par from 3/94. Coupon pays 1⅜% over 6-month Libor. d) Coupon pays 0.4% over 6-month Libor. Non-callable. e) Exercise premium fixed at 2.67%. Non-callable. f) Subordinated issue. Non-callable. g) Fungible with existing Ecu265m deal. Non-callable. h) Global issue. Fungible with existing A$200m deal. Non-callable. i) Matador issue. Non-callable. j) Callable 20/2/94 at 101% and 20/2/95 at 100½%. k) Callable 6/3/95 at 100%. Coupon pays 6-month Libor + 60bp until 3/95, then fixed at 9¼% thereafter. l) Borrower's full name - Nederlandse Investeringsbank Voor Ontwikkelingslanden. Callable from 2003 at 102%. m) Exercise premium fixed at 2.51%. Non-callable. n) Redemption linked to Bel 20. Non-callable. o) Coupon pays 37.5bp over 3-month Libor. Non-callable. p) Callable, once only, on 13/3/95 at par. Management & Underwriting fee - 15bp. Coupon pays 50bp over 6-month Libor for first 3 years, then fixed at 9.15% thereafter. q) Fungible with existing Ecu150m deal. Non-callable. r) Redemption payable either in US$ or Luxembourg francs at issuer's option. s) Coupon pays 20bp below 6-month Libid. Callable from 3/95. t) Sinking fund in 3 equal instalments from 1995. Coupon payable semi-annually. Note: Yields are calculated on ISMA basis.

WORLD STOCK MARKETS

CANADA

TORONTO

4:00 pm prices February 7

MONTREAL

4:00 pm prices February 7

Total Sales 15,810,400 shares

INDICES

NEW YORK

DOW JONES	Feb 7	Feb 6	Feb 5	Feb 4	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	3225.40	3255.59	3257.60	3272.81	3272.81 (4/2)	3172.41 (2/1)	3272.81 (4/2/92)	41.22 (2/7/32)
Home Bonds	99.67	99.81	99.49	99.11	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1383.22	1392.19	1383.41	1368.27	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	206.25	207.81	207.75	209.00	225.59 (3/1)	206.25 (7/2)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 3285.55 (3299.87) Low 3224.96 (3233.60)

STANDARD AND POOR'S

3283.0985.593199.9124.96Composite

	Feb 7	Feb 6	Feb 5	Feb 4	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡	411.09	413.82	413.84	413.85	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	489.59	492.61	492.88	492.64	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.31	34.35	34.20	34.19	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	227.65	228.96	228.87	228.79	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	415.41	416.25	415.24	413.68	416.25 (6/2)	395.51 (2/1)	416.25 (6/2/92)	29.31 (9/12/72)
NASDAQ Composite	634.95	637.67	636.97	631.00	637.67 (6/2)	586.45 (2/1)	637.67 (6/2/92)	54.87 (31/10/72)

	Jan 31	Jan 24	Jan 17	year ago (approx.)
Dow Industrial Div. Yield	2.88	2.87	2.83	3.78

	Feb 5	Jan 29	Jan 22	year ago (approx.)
S & P Industrial div. yield	2.56	2.59	2.53	3.20
S & P Ind. P/E ratio	25.43	25.10	25.60	16.58

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Citicorp	4,197,700	16½	- ¼
RJ Nabisco	3,815,400	10⅝	- ¼
Ph Morris	2,920,400	75¾	- 2¼
MBC Fin	2,781,800	8	+ 1
Countrywide	2,674,600	43	- ½
Telefonos	2,438,600	51⅝	+ ⅝
Chrysler	2,425,700	16⅛	+ ⅛
Glaxo	2,240,700	30	- ½
Unisys	2,224,200	8⅛	—
Compaq	2,145,300	30⅛	+ 1⅞

TRADING ACTIVITY

† Volume Millions	Feb 7	Feb 6	Feb 5
New York SE	228.601	238.180	261.960
Amex	22.480	19.112	19.345
NASDAQ	(u)	244.208	(u)
NYSE			
Issues Traded	2,184	2,174	2,195
Rises	709	902	959
Falls	968	769	747
Unchanged	507	503	489
New Highs	126	139	154
New Lows	17	14	13

CANADA

TORONTO	Feb 7	Feb 6	Feb 5	Feb 4	1992 HIGH	1992 LOW
Metals & Minerals	3005.25	2998.11	2984.43	3053.86	3238.87 (16/1)	2935.22 (2/1)
Composite	3596.33	3606.70	3605.92	3618.07	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1879.04	1881.95	1885.25	1896.10	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 7	Feb 6	Feb 5	Feb 4	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1590.9	1594.6	1602.9	1600.3	1675.60 (15/1)	1590.90 (7/2)
All Mining (1/1/80)	675.6	673.7	678.2	675.8	703.50 (20/1)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	428.90	428.09	427.42	423.49	428.90 (7/2)	372.24 (2/1)
Traded Index (2/1/91)	1022.88	1023.17	1020.89	1009.20	1023.17 (6/2)	981.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1170.78	1172.78	1170.82	1170.57	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	360.32	361.41	362.24	362.43	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	889.3	884.0	884.3	888.4	894.50 (16/1)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	501.69	502.46	501.55	499.23	508.41 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1861.61	1860.61	1865.79	1856.48	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	687.40	689.15	687.16	683.73	689.15 (6/2)	643.26 (8/1)
Commerzbank (1/12/53)	1945.00	1949.2	1943.10	1933.90	1949.50 (3/2)	1813.80 (8/1)
DAX (30/12/87)	1685.92	1681.13	1686.62	1676.40	1689.01 (3/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4711.37	(c)	(c)	(c)	4711.37 (7/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1443.66	1448.36	1452.36	1451.83	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	547.58	551.59	550.71	545.26	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1079.0	1085.0	1086.0	1076.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	22187.12	22184.92	21936.37	21999.60	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1627.42	1631.25	1626.05	1628.86	1763.43 (6/1)	1569.43 (21/1)
2nd Section (4/1/68)	2453.71	2450.17	2420.83	2410.39	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	589.84	575.81	(c)	(c)	589.84 (7/2)	546.63 (14/1)
NETHERLANDS						
CBS Tst Rtn Gen (End 1983)	287.1	287.4	287.3	287.0	289.10 (21/1)	274.00 (8/1)
CBS All Shr (End 1983)	201.6	202.0	201.8	201.6	203.00 (21/1)	192.40 (8/1)
NORWAY						
Oslo SE (2/1/83)	704.60	710.38	716.15	713.19	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1253.57	1252.37	1246.07	1261.94	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	413.33	414.59	(c)	(c)	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1297.0§	1299.0	1270.0	1260.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4485.0§	4469.0	4436.0	4407.0	4535.00 (15/1)	4149.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	690.99	690.84	(c)	691.37	691.37 (1/2)	684.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	256.11	256.61	257.42	257.15	258.50 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	966.80	968.8	978.3	969.6	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	784.1	782.6	778.5	775.2	784.10 (7/2)	748.50 (8/1)
SBC General (1/4/87)	631.8	631.1	629.2	626.9	631.80 (7/2)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5237.37	(c)	(c)	(c)	5391.63 (30/1)	4692.17 (8/1)
THAILAND						
Bangkok SET (30/4/75)	780.08	771.09	763.41	769.72	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	529.6*	528.6	527.7	527.0	542.10 (7/1)	520.10 (13/1)
Euro Top-100 (26/6/90)	914.06	916.50	919.14	915.50	923.01 (28/1)	870.31 (2/1)

**Saturday February 1: Taiwan Weighted Price: (c). Korea Comp Ex. 691.37.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday 7 February 1992

	Stocks Traded	Closing Prices	Change on day
Sharp	4.8m	1,430	+60
Morinaga Milk	4.2m	700	-6
Bridgestone	3.5m	1,180	+20
Hitachi	3.2m	896	-5
Osaka Gas	3.2m	678	+1
Nippon TV	2.8m	21,200	+300
Mitsubishi Mat	2.6m	641	+3
Toyota Motor	2.6m	1,470	+10
Tsugami	2.3m	695	-6
Toshiba	2.2m	695	-9

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

Britannia Life Unit Managers Ltd (1200)F

Confederation Funds Mngt Ltd (1200)F

Gartmore Fund Managers (1200)F

INVESCO MIM UT Mngrs Ltd -Contd.

Manulife Management Ltd (1200)F

National Provident Inv Mgrs Ltd (1400)H

SIL Investment Management Ltd (0830)F

For Key Fd Mngrs see National & Provincial

Kleinwort Benson Unit Trusts (1400)F

Marks & Spencer Unit Trust Ltd (1200)F

Consistent Unit Tst Mngt Co Ltd (1200)F

St James's Pla.. UT Group Ltd (1200)F

MGM Unit Managers Ltd (1000)F

MGM House, Heene Rd, Worthing

Dealing 0277 261010 Enq: 0903 204631

High Income	5	223.8	226 8	241.2	6.42	40887
(Accum Units)	5	363 1	367 9	391 3	6 42	40918
UK Growth	5	281 4	284 6	302 7	4 42	40888
(Accum Units)	5	339 7	343 6	365 5	4.42	40919
Int Equity Gth ♣	5	48 09	48.38	51.98	1.13	40889
Intl Bond	5	54 38	54 38	57 09	7 71	40890
Special Sits Gwth	5	15 23	15 78	16 78	3 79	40891
North American Gwth	5	69 99	70 36	74 85	1.03	40892
European Growth ♣	6	49.86	50 09	53 28	1.53	40104

MW Investment Managers Ltd (0659)F

46 Court St, Haddington, E. Lothian 062 082 5867

MW Joint Investors	0	1075.3	1075.3	1102.8	4.38	40535

Maldon Unit Trust Managers Ltd (1400)F

c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242

Maldon General	0	105 6	105.6xd	108 7	5.35	46659

Extra Income	5¼	61 65	61.65	65 79	6 85	41080
(Accum Units)	5¼	87 81	87 81	93 71	6 85	41081
Far East Gth Acc	5¼	100 50	100 50	110 60	0 00	41082
Gilt & F I	5¼	52.51	52 51xd	55.58	8.20	41083
(Accum Units)	5¼	117.20	117.20	123.90	8 20	41084
Gold ♥	5¼	27.76	27.76	29 84	0.00	41085
(Accum Units) ♥	5¼	29.89	29.89	32 13	0 00	41086
Income	5¼	42.70	42 70	45 54	6.22	41087
(Accum Units)	5¼	122 40	122 40	130.50	6 11	41088
Intnl.	5¼	24 39	24 39	26 16	0 42	41089
(Accum Units)	5¼	34 79	34 79	37 32	0 42	41090
Jap Smaller Cos	5¼	300 00	300 00xd	320 00	0 00	41091
Sing & Malaysian	5¼	101.30	101.30	108 60	0 00	41092
(Accum Units)	5¼	105.30	105.30	112 90	0 00	41093
Smaller Co's	5¼	23 26	23.26	25 01	2 60	41094
(Accum Units)	5¼	26.39	26.39	28 37	2 60	41095
Special Sits	5¼	26 07	26 07	28 03	0.93	41096
(Accum Units)	5¼	29 27	29 27	31 47	0 93	41097
Tokyo	5¼	62.59	62 59	66.76	0 00	41098
(Accum Units)	5¼	63.22	63.22	67.43	0.00	41099
UK Equity	5¼	136.10	136 10xd	145 10	4 21	41100
(Accum Units)	5¼	246.40	246 40	262.80	4.21	41101
US Smaller Cos ♥	5¼	74 35	74.35	79 51	0 00	41102

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. *The managers must deal at a forward price on request, and may move to forward pricing at any time.*

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

Standard Chartered Equitor (1200)F

Standard Life Tst Mngmt Ltd (0629)H

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Trades Union Unit Tst Mngrs (1200)H

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fund

CAFINVEST-Charities Aid Foundation

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court*
* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Touche Remnant UT Mngt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

Abbey Life Assurance Co Ltd

Aetna Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221 311

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insur Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange
Royal Exchange, EC3 071-283 7101

Hearts of Oak Insurance Group

Henderson Administration(z)

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Legal & General

Legal & General – Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

Laurentian Life plc

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group
St George's Way, Stevenage Enquiries 0438 356101

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

Continued on next page

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GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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	Bid Price	Offer Price	Yield Gross	City-line
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.82	16 62	2.02	44759
Japan Tech	$57 13	59 99	0.00	44762
Japan Fund	$24 16	25.37	0 00	44763
Japan New Gwth Fd.	$18 76	19 70	0 00	44764
Malay Sing	$60.48	63.51	0.00	44765
Nth American	$24.73	25.97	0 00	47418
Octopus Fund	$24 63	25 87	0.53	44766
Pacific Fd.	$65.08	68.34	0.97	44767
International Bond	$17 66	18.55	7 61	44769
Europa Fund	$14 03	14 74	0.75	47191
British Screen Fd	£0 87	0 92	1.72	47190
Tristar Warrant	$12 78	13 42	0 00	47419
Hong Kong	$57 97	60.87	1.20	44761
Mngd Portfolio (Stlg)	£4.34	4.46	0.00	47319
Mngd Portfolio (Dlr)	$10 80	11 40	0 00	47318
Currency Fd-Sterling	£20 05		9.66	44755
Currency Fd-US Dollar	$15.59		4 50	44754
Curr Fd-Deutschemark	DM41.51		7 94	44756
Curr Fd-Managed $	$46 33	48 64	4 82	44758
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$49 91		0 00	–
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series*	$1 00		3.85	40562
Investment Series*	$1.00		3 75	40563
Investment Gth Series	$100 08		4 15	47533

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM						0624 661551

TSB Trust Funds—Contd.

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
UK Equity	5	146 49	146.49	156.92	0.87	43572
International Equity	5	123.33	123.33	131.86	0.00	43569
Far Eastern	5	90.78	90.78	97.51	0.00	43461
European	5	88 63	88 63	93 84	0.00	43450
Pan American	5	177 06	177.06	189.24	0.00	43578
TSB Gilt Fund Ltd						
Quarterly Share	3	99 05	99.05	102.37	9.77	45833
Monthly Share	3	97 75	97.75	101.00	9.90	45834

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Barclays Intl Funds				
Currency Funds				
Sterling	£21.84		9 7	44718
US Dollar	$31.72		3.1	44719
Deutschemark	DM56.39		8.3	44720
Yen	Y4,096		4.0	44721
Managed Multicurrency	£13.21	13.68	–	44722
Managed Multicurrency	$25 46	26.36	–	44723
Bond Funds				
Sterling Bond	£0 423	0 440	10 6	44724
US Government Income	$100 47	104.04	6.7	44725
Asian Selection Funds				
Hong Kong	$15.251	16.054	3.0	44544
Indonesia	$8.512	8.960	2.5	44686
Korea	$10.288	10.829	2.5	44687
Malaysia	$10 861	11.433	0.5	44696
Philippines	$12.537	13.197	2.8	44699
Singapore	$12.223	12.866	1.0	44700
Thailand	$13.372	14 076	2.5	44717
South East Asia	$12.965	13.647	3 0	44716
US Dollar Liquidity	$9.629	10.210	3.4	44875
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.43	6.73	14 86	44830
CA Gilt & Futures	£997	1,049	7.63	44831
CA Equity Gwth	£3.79	4.13	3.34	44832
Citibank (CI) Ltd "Citifunds"				

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Tough week for $

THIS WEEK should mark the beginning of a more realistic approach to the dollar, *writes Peggy Hollinger.*

The premise, popular for some time before last week, had been that the US economy was set for recovery; that argument had even helped the dollar rise some 13 pfennigs against the D-Mark in January. The betting was that German rates would have to come down, while US rates would hold, and perhaps even rise.

That feeling was so strong that the dollar was largely able to shrug off a whole series of depressing numbers – until last week. Starting on Monday, the dollar began a steady decline which was only reversed temporarily on Thursday for a bit of profit-taking.

Two things were working against the US currency: the Bundesbank and the actual state of the economy. Repeated statements from the Bundesbank that German monetary policy would remain tight began to shake the market's confidence. On Friday, severely disappointing US jobs data put the final nail in the coffin.

Now, there are no illusions about the state of the economy and the most likely scenario is a cut in the Federal Funds rate. Figures due out this week will offer little argument against such a move: US retail sales are unlikely to provide much encouragement.

However, some of the pressure might come off the dollar with the raft of UK statistics out this week. Some attention could focus on the weakness of the UK economy and the political consequences of that weakness, according to Dr Mark Austin, an economist at HongKong Bank.

The retail prices index, UK retail sales, unemployment figures, and industrial production are all due this week.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

£ IN NEW YORK

Feb.7	Close	Previous Close
£ Spot	1.8380-1.8390	1.8202-1.8175
1 month	0.96-0.95pm	0.94-0.93pm
3 months	2.90-2.88pm	2.86-2.84pm
12 months	9.80-9.70pm	9.57-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.7	Previous
8.30 am	91.2	91.3
9.00 am	91.2	91.3
10.00 am	91.2	91.3
11.00 am	91.2	91.2
Noon	91.2	91.2
1.00 pm	91.2	91.2
2.00 pm	91.4	91.2
3.00 pm	91.4	91.2
4.00 pm	91.4	91.2

OTHER CURRENCIES

Feb 7	£	$
Argentina	1.8175 - 1.8200	0.9900 - 0.9910
Australia	2.4415 - 2.4435	1.3265 - 1.3270
Brazil	2525.55 - 2527.30	1375.80 - 1376.00
Finland	7.7995 - 7.8220	4.2630 - 4.2660
Greece	329.300 - 334.550	181.400 - 184.300
Hong Kong	14.2170 - 14.2490	7.7540 - 7.7560
Iran	2536.00*	1420.00*
Korea(Sth)	1379.00 - 1401.25	759.30 - 768.30
Kuwait	0.53530 - 0.53750	0.29180 - 0.29280
Luxembourg	59.15 - 59.25	32.15 - 32.25
Malaysia	4.7595 - 4.7715	2.5980 - 2.6020
Mexico	5564.00 - 5576.25	3063.50 - 3064.50
N.Zealand	3.3755 - 3.3800	1.8400 - 1.8425
Saudi Ar	6.7740 - 6.8505	3.7495 - 3.7505
Singapore	2.9645 - 2.9720	1.6200 - 1.6220
S.Af (Cm)	5.0815 - 5.1025	2.7700 - 2.7730
S.Af (Fn)	6.3155 - 6.4255	3.4425 - 3.5025
Taiwan	45.75 - 45.85	24.95 - 25.00
U.A.E.	6.6325 - 6.7095	3.6715 - 3.6735

*Floating rate. Iran Official rate £117.25 $65.45

CURRENCY MOVEMENTS

Feb 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.4	–20.4
U.S Dollar	61.9	–16.5
Canadian Dollar	100.6	–1.1
Austrian Schilling	110.4	+12.3
Belgian Franc	112.1	–1.6
Danish Krone	109.5	+3.4
D-Mark	119.4	+25.5
Swiss Franc	108.7	+16.9
Dutch Guilder	115.2	+16.7
French Franc	103.8	–12.6
Lira	99.4	–19.6
Yen	143.4	+79.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.6

CURRENCY RATES

Feb 7	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.774477	0.711497
U.S Dollar	3.50	1.40978	1.29315
Canadian $	7.29	1.66157	1.52850
Austrian Sch	7.50	15.6373	14.3694
Belgian Franc	8.50	45.7967	42.0595
Danish Krone	9.50	8.63562	7.92181
D-Mark	8.00	2.22210	2.04226
Dutch Guilder	8.50	2.50165	2.29882
French Franc	10¼	7.57651	6.96035
Italian Lira	12	1673.19	1538.00
Japanese Yen	4.50	176.786	162.548
Norway Krone	8	8.72837	8.01685
Spanish Peseta	–	139.987	128.621
Swedish Krona	10.00	8.08227	7.42071
Swiss Franc	7.00	1.98356	1.82204
Greek Drach	19	257.158	236.335
Irish Punt	–	0.833056	0.765718

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.6

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	101-06	102-07	100-23	101-10
Jun	100-02	101-05	99-18	100-06
Sep	99-00	100-01	98-17	99-05
Dec	98-01	98-31	97-22	98-07
Mar	97-06	98-03	96-28	97-12
Jun	96-12	97-06	96-02	96-19
Sep	95-20	-	-	95-28
Dec	94-30	-	-	95-07
Mar	94-10	-	-	94-19
Jun	93-23	-	-	94-00
Sep	93-05	-	-	93-14

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	96.31	96.35	96.20	96.21
Jun	96.23	96.26	96.01	96.08
Sep	96.01	96.05	95.97	95.83
Dec	95.50	95.58	95.48	95.33
Mar	95.23	95.31	95.19	95.09

BRITISH POUND (IMM) $s per £

	Close	High	Low	Prev.
Mar	1.8292	1.8300	1.8046	1.8094
Jun	1.8016	1.8040	1.7780	1.7822
Sep	1.7766	1.7760	1.7710	1.7580

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Mar	0.7170	0.7180	0.7067	0.7083
Jun	0.7112	0.7122	0.7015	0.7025
Sep	0.7061	-	-	0.6975

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Mar	0.7968	0.8007	0.7940	0.7941
Jun	0.7951	0.7985	0.7925	0.7924
Sep	0.7942	0.7920	-	0.7915
Dec	0.7940	0.7920	-	0.7913

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Close	High	Low	Prev.
Mar	0.6378	0.6385	0.6284	0.6301
Jun	0.6291	0.6295	0.6205	0.6217
Sep	0.6217	0.6215	0.6210	0.6147
Dec	0.6153	-	-	0.6085
Mar	0.6103	-	-	0.6037

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev.
Mar	95.99	96.02	95.86	95.88
Jun	95.83	95.88	95.59	95.67
Sep	95.52	95.58	95.32	95.35
Dec	94.87	94.95	94.66	94.70
Mar	94.54	94.62	94.36	94.40
Jun	94.01	94.09	93.85	93.89
Sep	93.52	93.60	93.39	93.42
Dec	92.93	93.00	92.81	92.84

STANDARD & POORS 500 INDEX $500 times index

	Close	High	Low	Prev.
Mar	412.15	415.45	407.80	414.45
Jun	413.40	416.75	409.30	415.85
Sep	414.90	418.20	411.00	417.35
Dec	416.65	419.60	412.40	418.70

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	10.90	10.95	10.95	11.09	0.01	0.38	1.02	2.60
1.750	8.50	8.53	8.70	9.05	0.02	0.73	1.59	3.46
1.775	6.01	6.43	6.78	7.38	0.11	1.27	2.35	4.48
1.800	3.74	4.59	5.09	5.88	0.35	2.06	3.28	5.68
1.825	1.94	3.09	3.71	4.63	1.11	3.10	4.47	7.09
1.850	0.80	2.06	2.65	3.59	2.45	4.59	6.00	8.63
1.875	0.26	1.28	1.88	2.75	4.36	6.34	7.67	10.36

Previous day's open int: Calls 333,126 Puts 412,874 (All currencies)
Previous day's volume: Calls 18,154 Puts 29,122 (All currencies)

POUND SPOT - FORWARD AGAINST THE POUND

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8145 - 1.8395	1.8375 - 1.8385	0.96-0.94cpm	6.20	2.89-2.86pm	6.26
Canada	2.1435 - 2.1675	2.1605 - 2.1615	0.61-0.55cpm	3.22	1.82-1.76pm	3.31
Netherlands	3.2225 - 3.2355	3.2225 - 3.2325	¼-⅛cpm	0.93	⅝-½pm	0.70
Belgium	58.90 - 59.30	59.15 - 59.25	8-3cpm	1.11	13-8pm	0.71
Denmark	11.1070 - 11.1505	11.1200 - 11.1300	⅝-¼orepm	0.47	1¼-¾pm	0.34
Ireland	1.0755 - 1.0795	1.0740 - 1.0750	0.03pm-0.01pdis	0.11	0.06pm-0.03dis	0.06
Germany	2.8650 - 2.8745	2.8650 - 2.8700	¼-⅛pfpm	0.78	⅝-½pm	0.70
Portugal	246.45 - 248.40	246.80 - 247.80	88-109cdis	–4.78	244-282dis	–4.25
Spain	180.25 - 181.40	180.30 - 180.60	25-40cdis	–2.16	95-114dis	–2.32
Italy	2156.20 - 2165.55	2159.25 - 2160.25	2-3liredis	–1.39	7-9dis	–1.48
Norway	11.2310 - 11.2850	11.2675 - 11.2775	¼-½oredis	–0.20	¼-⅞dis	–0.20
France	9.7630 - 9.8020	9.7675 - 9.7775	½-¼cpm	0.46	1-⅝pm	0.33
Sweden	10.4050 - 10.4525	10.4150 - 10.4250	1¼-1⅝oredis	–1.73	4⅝-5¼dis	–1.90
Japan	227.75 - 230.50	229.50 - 230.50	1-⅞ypm	4.89	3-2⅞pm	5.11
Austria	20.13 - 20.23	20.13 - 20.16	1⅞-¾gropm	0.78	4⅞-2⅛pm	0.71
Switzerland	2.5525 - 2.5640	2.5525 - 2.5625	¾-½cpm	2.95	1⅞-1⅝pm	2.85
Ecu	1.4020 - 1.4090	1.4045 - 1.4055	0.04pm-0.01cdis	0.13	0.08-0.03pm	0.14

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.52-5.47cpm . 12 Month 9.83-9.73pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8145 - 1.8395	1.8375 - 1.8385	0.96-0.94cpm	6.20	2.89-2.86pm	6.26
Ireland†	1.6850 - 1.7065	1.7040 - 1.7050	0.91-0.86cpm	6.23	2.70-2.60pm	6.22
Canada	1.1760 - 1.1855	1.1785 - 1.1795	0.28-0.31cdis	–3.00	0.86-0.91dis	–3.00
Netherlands	1.7530 - 1.7830	1.7555 - 1.7565	0.80-0.83cdis	–5.57	2.47-2.51dis	–5.67
Belgium	32.10 - 32.60	32.15 - 32.25	13.00-15.00cdis	–5.22	42.00-47.00dis	–5.53
Denmark	6.0450 - 6.1380	6.0500 - 6.0550	2.70-3.10oredis	–5.75	8.65-9.45dis	–5.98
Germany	1.5575 - 1.5840	1.5590 - 1.5600	0.71-0.72pfdis	–5.50	2.18-2.20dis	–5.62
Portugal	134.85 - 136.40	134.85 - 134.95	105-115cdis	–9.79	325-350dis	–10.01
Spain	98.20 - 99.65	98.40 - 98.50	68-71cdis	–8.47	210-217dis	–8.67
Italy	1173.00 - 1191.00	1174.75 - 1175.25	7.40-7.90liredis	–7.81	22.90-23.90dis	–7.97
Norway	6.1225 - 6.2125	6.1300 - 6.1350	3.05-3.45oredis	–6.36	9.65-10.30dis	–6.51
France	5.3075 - 5.3935	5.3150 - 5.3200	2.58-2.63cdis	–5.88	7.92-8.02dis	–6.00
Sweden	5.6620 - 5.7545	5.6675 - 5.6725	3.65-4.00oredis	–8.10	11.45-12.00dis	–8.27
Japan	124.65 - 125.85	125.15 - 125.25	0.15-0.16ydis	–1.49	0.37-0.39dis	–1.21
Austria	10.9900 - 11.1325	10.9900 - 10.9950	4.80-5.20grodis	–5.46	14.70-15.90dis	–5.57
Switzerland	1.3900 - 1.4115	1.3915 - 1.3925	0.37-0.39cdis	–3.28	1.17-1.19dis	–3.39
Ecu	1.2890 - 1.3095	1.3060 - 1.3070	0.68-0.65cpm	6.11	2.03-1.97pm	6.12

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Feb.7	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.838	2.868	230.0	9.773	2.558	3.228	2160	2.161	59.20	1.405
$	0.544	1	1.560	125.1	5.317	1.392	1.756	1175	1.176	32.21	0.764
DM	0.349	0.641	1	80.20	3.408	0.892	1.126	753.1	0.753	20.64	0.490
YEN	4.348	7.991	12.47	1000.	42.49	11.12	14.03	9391	9.396	257.4	6.109
F Fr.	1.023	1.881	2.935	235.3	10.	2.617	3.303	2210	2.211	60.58	1.438
S Fr.	0.391	0.719	1.121	89.91	3.821	1	1.262	844.4	0.845	23.14	0.549
N Fl.	0.310	0.569	0.888	71.25	3.028	0.792	1	669.1	0.669	18.34	0.435
Lira	0.463	0.851	1.328	106.5	4.525	1.184	1.494	1000.	1.000	27.41	0.650
C$	0.463	0.851	1.327	106.4	4.522	1.184	1.494	999.5	1	27.39	0.650
B Fr.	1.689	3.105	4.845	388.5	16.51	4.321	5.453	3649	3.650	100.	2.373
Ecu	0.712	1.308	2.041	163.7	6.956	1.821	2.298	1537	1.538	42.14	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Feb 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10 13/16 - 10 11/16	10 13/16 - 10 11/16	10⅝ - 10½	10⅜ - 10¼	10 5/16 - 10 3/16	10⅜ - 10¼
US Dollar	4 1/16 - 3 15/16	4 1/16 - 3 15/16	4 - 3⅞	4 - 3⅞	4 1/16 - 3 15/16	4½ - 4⅜
Can. Dollar	7 - 6⅞	7 - 6⅞	7⅛ - 6 15/16	7⅛ - 6 15/16	6 15/16 - 6 13/16	7⅛ - 7
Dutch Guilder	9 13/16 - 9⅝	9 13/16 - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7¼ - 7	7¼ - 7	7½ - 7⅜	7½ - 7⅜	7⅝ - 7½	7⅝ - 7½
D-Mark	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9⅝ - 9½	9⅝ - 9½
French Franc	10 - 9⅞	10 - 9⅞	10 - 9⅞	10 1/16 - 9 15/16	9 15/16 - 9 13/16	9⅞ - 9¾
Italian Lira	12 - 10	12¼ - 11¾	12 - 11¾	12 - 11¾	12 - 11¾	12 - 11¾
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜	9½ - 9⅜
Yen	5 13/16 - 5⅝	5 13/16 - 5 11/16	5⅝ - 5½	5⅝ - 5½	5 - 4⅞	4⅞ - 4¾
Danish Krone	10 - 9⅞	10 - 9⅞	10¼ - 10	10¼ - 10	10¼ - 10	10 - 9⅞
Asian $Sing	3¼ - 3⅛	3⅛ - 2 15/16	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅝ - 3½

Long term Eurodollars: two years 5 3/16-5 1/16 per cent; three years 6 1/16-5 15/16 per cent; four years 6½-6⅜ per cent; five years 6¾-6⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.7) 3 months US dollars		6 months US Dollars	
bid 4	offer 4⅛	bid 4 3/16	offer 4 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

4pm

Prime rate	6½
Broker loan rate	6
Fed.funds	3¾
Fed.funds at intervention	3 13/16

Treasury Bills and Bonds

One month	3.89	Three year	5.38
Two month	3.76	Five year	6.37
Three month	3.83	Seven year	6.78
Six month	3.92	10-year	7.18
One year	4.08	30-year	7.77
Two year	4.94		

Feb.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.50-9.60	9.45-9.55	9.45-9.55	9.40-9.50	9.75
Paris	9 15/16-10 1/16	9 15/16-10 1/16	10-10⅛	10-10⅛	9⅞-10	9.60
Zurich	6¾-7¼	7¼-7½	-	7¼-7½	-	-
Amsterdam	9.37-9.50	9.52-9.64	-	9.48-9.60	-	-
Tokyo	5 13/16-5¾	5 11/16-5 13/16	-	5⅜-5¼	-	-
Milan	11¾-12¼	12¼	-	12⅛-12¼	-	-
Brussels	9.43-9.56	9⅜-9½	-	9½-9⅝	-	-
Dublin	10¼-10¾	10½-10¾	10⅝-10 13/16	10½-10¾	10¼-10½	-

LONDON MONEY RATES

Feb 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10½	10⅝	10⅜	10⅜	10 5/16
Interbank Bid	8	10	10½	10¼	10¼	10 3/16
Sterling CDs	–	–	10 9/16	10 5/16	10¼	10¼
Local Authority Deps.	10½	10½	10 9/16	10 5/16	10 5/16	10 5/16
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	10⅜	10⅜	–	–	–	–
Company Deposits	–	–	10⅝	10½	10⅜	10¼
Finance House Deposits	–	–	10⅝	10 7/16	10⅜	10 5/16
Treasury Bills (Buy)	–	–	10 3/16	9¾	9⅝	–
Bank Bills (Buy)	–	–	10 5/16	9 15/16	9 13/16	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	3.97	3.97	4.13	4.32
SDR Linked Dep. Offer	–	–	6⅝	6⅝	6½	6⅝
SDR Linked Dep. Bid	–	–	6½	6½	6⅜	6½
ECU Linked Dep. Offer	–	–	10½	10½	10¼	10⅛
ECU Linked Dep. Bid	–	–	10⅜	10⅜	10⅛	10

Treasury Bills (sell); one-month 10⅛ per cent; three months 9¾ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10 3/16 per cent; three months 9 13/16 per cent; Treasury Bills; Average tender rate of discount 9.8269 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31 ,1992 . Agreed rates for period Feb.26, 1992 to March 24 , 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31 , 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1 , 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 , Deposits withdrawn for cash 5 per cent.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
?	F.P.	–	75	63	Capital Industries 1p	63		–	–	–	–
100	F.P.	–	101	99	Exeter Prfd. Capital	99		F0.6	–	0.8	–
–	F.P.	–	37	23	Fleming Japanese Wrrnts.	37	+1	–	–	–	–
£105⅛	F.P.	–	£111½	£104⅞	Latin Am Inc & Appr. 1c	£111⅛	–⅛	–	–	–	–
–	F.P.	–	6	5	Multitrust Warrants	6		–	–	–	–
–	F.P.	–	104	102	Riv & Merc Tst Inc 12 1/2p	104		N9.2	–	11.8	–
–	F.P.	–	120¼	117	Do. Stpd Prf 12 1/2p	120¼		N5.6	–	6.2	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Buttle Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10¼pc Rd. Deb. 2001	105½	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	
310p	150p	-	277p	187p	Inchcape Non-Int. Bearing Cv Un Ln	269p	+1
100p	F.P.	-	105¼p	100¼p	NatWest Bank 9pc Prf Series A	105¼p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
330	Nil	10/3	83pm	45pm	BM Group 10p	73pm	
60	Nil	16/3	35pm	7pm	¶Clarke Foods	32pm	+5
150	Nil	11/3	24pm	23pm	Hi-Tec Sports	24pm	
185	Nil	11/3	74pm	68pm	Whessoe	70pm	–1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. ¶¶ Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Units and 1 Warrant.

BANK OF ENGLAND TREASURY BILL TENDER

	Feb.7	Jan.24		Feb.7	Jan.24
Bills on offer	£300m	£300m	Top accepted rate of discount	9.8269%	9.8871%
Total of applications	£1425m	£1388m	Average rate of discount	9.8269%	9.8765%
Total allocated	£300m	£300m	Average yield	10.0737%	10.1258%
Minimum accepted bid	£97.550	£97.535	Amount on offer at next tender	£500m	£300m
Allotment at minimum level	93%	61%	Minimum accepted bid 182 days	£95.250%	£95.205

WEEKLY CHANGE IN WORLD INTEREST RATES

	Feb.7	change		Feb.7	change
LONDON			**NEW YORK**		
Base rates	10½	Unch'd	Prime rates	6½	Unch'd
7 day Interbank	10⅝	–⅛	Federal Funds	3¾	–¼
3-month Interbank	10⅜	–⅛	3 Mth. Treasury Bills	3.82	–0.12
Treasury Bill Tender	9.8765	–0.0496	6 Mth. Treasury Bills	3.92	–0.14
Band 1 Bills	10⅜	Unch'd	3 Mth. CD	3.97	–0.12
Band 2 Bills	10⅜	Unch'd	**FRANKFURT**		
Band 3 Bills	10⅜	Unch'd	Lombard	9.75	Unch'd
Band 4 Bills	10⅜	Unch'd	One mth. Interbank	9.55	+0.025
3 Mth. Treasury Bill	9¾	+1/16	Three month	9.50	Unch'd
1 Mth. Bank Bills	10 3/16	–1/16	**PARIS**		
3 Mth. Bank Bills	9 13/16	–1/16	Intervention Rate	9.60	Unch'd
TOKYO			One mth. Interbank	10	–1/16
One month Bills	5 13/16	+1/16	Three month	10⅛	–⅛
Three month Bills	5 5/16	Unch'd	**MILAN**		
BRUSSELS			One month	12¼	–1/16
One month	9 7/16	+1/16	Three month	12 1/16	+1/16
Three month	9 9/16	Unch'd	**DUBLIN**		
AMSTERDAM			One month	10⅝	+⅛
One month	9.48	+0.13	Three month	10⅝	+⅛
Three month	9.54	+0.145			

FINANCIAL TIMES STOCK INDICES

	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Jan 31	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs.	88.17	88.10	88.23	88.06	87.92	87.84	88.23	82.17	127.4	49.18
Fixed Interest	100.99	100.99	100.99	100.80	100.67	100.64	100.99	90.59	105.4	50.53
Ordinary	1945.1	1961.2	1970.9	1978.7	1984.2	1996.6	2108.3	1606.3	2108.3	49.4
Gold Mines	141.7	145.2	146.1	145.1	145.0	144.3	222.8	127.0	734.7	43.5
FT Act All-Share	1207.23	1213.83	1218.83	1222.88	1223.33	1227.84	1284.07	987.46	1284.07	61.92
FT-SE 100	2517.2	2534.3	2547.1	2556.8	2560.2	2571.2	2679.6	2054.8	2679.6	986.9
FT-SE Eurotrack 100	1137.10	1138.76	1138.71	1132.79	1134.04	1137.97	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1168.38	1172.04	1175.21	1174.55	1175.42	1179.30	1198.60	938.62	1198.60	938.62

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	City-line
CAF Money Management Co Ltd 48 Pembury Road Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	10 33	10 73	10 79	–
Deposits Over £1 million	10 43	10 84	10 90	–
Deposits Over £2 million	10 53	10 95	11 01	–
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.45	–	10.87	–
Cent. Bd. of Fin. of Church of England‡‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10 45	–	10 87	40253
Gartmore Money Management Ltd 16-18 Monument St. London EC3R 8QQ 071-236 1425 TESSA Desk 071-236 9362				
Call Fnd	9 96	7 47	10 20	–
7-day Fund	9 95	7 46	10 19	–
Special Fund	9 74	7 30	10 18	–
Dollar	2 74	2 05	2.76	–
TESSA Prime	10 00	–	10.38	–
TESSA Plus	9.80	–	10 17	–
TESSA Saver	9 65	–	10 00	–

Money Market Bank Accounts

	Gross	Net	Gross CAR	City-line
AIB Bank High Interest Cheque Account Belmont Rd Uxbridge UB8 1SA 0800 282115				
£2,500–£9,999	8.50	6 38	8.77	–
£10 000+	9 25	6 94	9 57	–
Aitken Hume Bank plc 30 City Road EC1Y 2AY 071-638 6070				
Treasury Acc.	9 30	6 75	9.31	–
Mth Int Chq £1,000-£4,999	9 00	6 75	9.38	–
Mth Int Chq £5,000-£49,999	9 50	7 125	9 92	–
Mth Int Chq £50 000+	10 00	7.50	10 47	–
Allied Trust Bank Ltd 97-101 Cannon St. London EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10 90	8 18	11 46	–
OMNA (£2,001+)	10 50	7 88	11 02	–
HICA (£2,001+)	9 00	6 75	9 38	–
Premier TESSA	12.50	9 38	13.24	–
American Express Bank Ltd Sussex House, Burgess Hill West Sussex, RH15 9AW 0444 230230				
High Performance Cheque Account				
Cardmembers				
£500–£999	3.50	2.63	3 56	–
£1 000–£4 999	8 50	6.38	8 84	–
£5 000–£9 999	8.70	6 53	9 06	–
£10,000–£24 999	9 10	6 83	9 49	–
£25,000–£49,999	9.30	6 98	9 71	–
£50,000–£99 999	9 50	7 13	9 92	–
£100 000+	9 70	7 28	10 14	–
Non-Cardmembers				
£500–£999	3 25	2 44	3.30	–
£1 000–£4,999	8 25	6 19	8 57	–
£5 000–£9 999	8 45	6 34	8 79	–
£10 000–£24 999	8 85	6 64	9 22	–
£25 000–£49 999	9 05	6.79	9 43	–
£50,000–£99,999	9 25	6 94	9 65	–
£100 000+	9 45	7 09	9 87	–
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10 000+	8 75	6.563	9 041	–
£2,000–£9 999	8.50	6.375	8 775	–
Bank of Scotland 38 Threadneedle St. EC2P 2EH 071-601 6446				
HV Chq Acc £2,500-£24,999	8 65	6.48	9 00	–
£25,000+	9 11	6 83	9.50	–
Barclays Select PO Box 120 Westwood Bs Pk, Coventry 0800 400100				
£2,000–£9 999	8.50	6.38	8.50	–
£10,000–£24,999	9 75	7.31	9 75	–
£25,000–£49,999	10 25	7 69	10.25	–
£50 000+	11.00	8.25	11.00	–
Barclays Prime Account H.I.C.A. PO Box 125 Northampton 0604 252891				
£1,000–£2,499	7 00	5 25	7.19	–
£2 500–£9 999	7 70	5 78	7.93	–
£10,000–£24,999	8 40	6.30	8 67	–
£25,000+	8.75	6 56	9 04	–
Benchmark Bank PLC Premier Account 86 Newman Street, W1P 3LD 071-631 3313				
£2,500-£10 000	9 00	6 75	9.31	–
£10,001-£20,000	9.25	6 9375	9 58	–
£20,000+	10 00	7 50	10.38	–
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9 125	6 85	9.36	–
Prof Demand A/c	9.00	6.75	9.23	–
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	10.00	7.50	–	–
Cater Allen Ltd 25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6 75	9 3807	–
Consort £5,000 min.	9.75	7.3125	10 1978	–
TESSA	10.25	–	10 7455	–
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 071-248 4000				
£2,500–£19,999	9.25	6.94	9.65	–
£20,000–£49,999	9.50	7 13	9.92	–
£50,000–£99,999	9 75	7 31	10.20	–
£100,000+	10 00	7.50	10.47	–
$5 000–$49,999	2.50	1.88	2.53	–
$50,000–$99,999	3 00	2.25	3 04	–
$100 000–$199,999	3 25	2.44	3.30	–
$200,000+	3.50	2.63	3 56	–
Many other currencies are available—for rates please phone ext. 2168				
Clydesdale Bank PLC 30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000–£24,999	8.25	6.19	8.51	–
£25,000–£99,999	9.00	6.75	9.31	–
£100,000+	9.50	7.13	9.84	–

	Gross	Net	Gross CAR	City-line
Co-operative Bank PO Box 300, Skelmersdale, Lancs 0800 616162				
TESSA				
TESSA	11.50	–	–	–
Investment 90 – 90 Day Notice Savings				
£50 000+	10.75	8 10	11.0	–
£25 000–£49 999	10 50	7 90	10.8	–
£10 000–£24 999	9 50	7 10	9 7	–
£5,000–£9 999	8 25	6.20	8 4	–
Pathfinder – Cash Based Current Account				
All Balances	10 00	7.50	10 50	–
Top Tier – Instant Access Savings				
£50,000+	9 50	7 10	9 7	–
£10,000–£49 999	9 00	6 75	9.2	–
£5 000–£9 999	7 75	5.80	7.90	–
£1 000–£4,999	7.25	5.40	7 40	–
£1–£999	3 50	2 60	3 50	–
Ultra Interest Bearing Current Account				
£20 000+	6.00	4.50	6.20	–
£5 000–£19 999	5 00	3 75	5 10	–
£500–£4 999	2.50	1 90	2.50	–
£1–£499	2.00	1.50	2.00	–
Coutts & Co Reserve Account 440 Strand London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9 125	6 84	9 44	–
£25 000–£49,999	8 625	6 47	8 91	–
£5 000–£19 999	8 125	6 09	8 39	–
For businesses, charities and societies				
£100 000–£1 000 000	8 50	6 40	8 78	–
£25,000–£99,999	8.25	6 19	8 51	–
£10 000–£24 999	7 625	5 72	7 85	–
Coutts Composite Account for clients money 27 Bush Lane London EC4R 0AA 071-623 3434				
Rates negotiable up to	10 25	–	–	–
Darlington & Co Ltd Investment HICA 70 Prince St. Bristol BS1 4QD 0272 213206				
£50 000–£1m	9 50	7 13	9 84	–
£25 000–£49,999	9 25	6 94	9 58	–
£5 000–£24 999	9 00	6 75	9.31	–
Financial & General Bank plc 13 Lowndes Street, London SW1X 9EX 071-235 0036				
H I D A £50 000	10 85	8 137	11 12	–
H I D A £10 000–£50 000	10 50	7 875	10 77	–
Gartmore Money Management Ltd 16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10 000+	8 75	6.56	9 04	–
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
£5 000–£9 999	8 75	6.53	8 99	–
£10 000–£24 999	9.50	7 13	9 84	–
£25,000–£49 999	10 00	7.50	10 38	–
£50,000 and above	10.60	7 95	11 03	–
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11 25	8 44	–	–
Extra High Interest Deposit Account				
£50,000+	11 00	8 25	11 46	–
£10 000+	10 75	8 06	11 19	–
£5,000+	10.25	7 69	10 65	–
Humberclyde Finance Group Chalfey Ct. Winchester Rd, Basingstoke 0256 841863				
£50 000+	10.50	7 88	10 82	–
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT 071 267 1566				
H I C A (£2,500+)	9 75	7.3125	10 21	–
Lloyds Bank – Investment Account 71 Lombard St. London EC3P 3BS 0272 433372				
£50 000 and above	10 40	7 80	10 40	–
£25,000+	10 00	7 50	10 00	–
£10,000+	9 80	7 35	9 80	–
£5,000+	8 40	6.30	8 40	–
Midland Bank plc PO Box 2 Sheffield 0742 529394				
Exchequer Acc £5000+	9 78	7 34	10 00	–
£10,000+	10 02	7 52	10.25	–
£25 000+	10 49	7 87	10 75	–
£50 000+	10 73	8.05	11 00	–
TESSA	11 00	–	11 00	–
NatWest Crown Reserve Account 41 Lothbury, London, EC2P 2BP 071-374 3374				
£25,000 and above	9 75	7.31	10 11	–
£10,000 to £24 999	9 50	7 13	9 84	–
£2 000–£9 999	9 125	6 84	9 44	–
Provincial Bank PLC 30 Abbey Rd Altrincham, Cheshire 061-928 9011				
H I C A (£1,000+)	8 75	6.56	9 11	–
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5650				
£50 000+	9 50	7 13	9 84	–
£25,000–£49 999	9.20	6 90	9 52	–
£10,000–£24 999	8.75	6.56	9 04	–
£2,500–£9,999	8 10	6.08	8 35	–
Save & Prosper/Robert Fleming 16-22 Western Rd Romford RM1 3LB 0800 282101				
Deposit £1,000+ Chq Acc	9 00	6 75	9 42	–
TESSA Fixed 1 Year	8 88	–	9 25	–
TESSA Variable	10.25	–	10 75	–
Sterling Bank & Trust Ltd Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592343				
HIDA £2,500+	10 50	7 88	10 78	–
Tyndall & Co Ltd 29-33 Princess Victoria St. Bristol 0272 744720				
Demand Acc.	09.25	6.94	09.58	–
HIMA	09 13	6.84	09.44	–
HIMA £100,000+	09.38	7 03	09 70	–
Master Plus	09 13	6 84	09 44	–
TESSA	09 88	–	10 25	–
United Dominions Trust Ltd PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account £1,000+	9 90	7 43	10.27	–
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	8 75	9 01	6 56	–
£10,000 and above	9.00	9 28	6 75	–
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10 00	7.50	10.38	–
£5,000–£14 999	9 75	7.31	10 11	–
£1,000–£4,999	9.50	7.13	9.84	–
Wimbledon & South West Finance PLC 114 Newgate St, London EC1 7AE 071-606 9485				
High Int. Cheque Acc	10.60	7 95	11 03	–

taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

BRITISH FUNDS - Cont.

[illegible]

Undated

[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	Wk % change	Amnt £m	Interest due		Last xd	City line
Treas 3pc '66 Aft.		31⅛	0.8	58	Ap5	Oc5	2.8	1324
Consols 2½pc		28 13/16	1.1	275	5JaApJyOc		2.12	1238
Treas. 2½pc		28⅛	1.0	475	Ap1	Oc1	27.8	1315

Index–Linked

[illegible]

OTHER FIXED INTEREST

[illegible]

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY FEBRUARY 7 1992								THURSDAY FEBRUARY 6 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	% chg ($) since 31/12/91	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/91	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	142.55	–5.5	114.98	112.82	115.58	125.79	–4.7	4.39	142.03	116.92	112.85	116.84	126.30	160.31	112.74	125.74
Austria (20)	182.18	+8.4	146.95	144.18	147.71	147.88	+12.7	1.95	179.75	146.71	142.83	147.61	147.46	222.37	153.86	192.97
Belgium (46)	144.80	+0.3	116.80	114.59	117.40	114.98	+3.4	5.12	143.59	117.20	114.09	117.91	115.26	151.20	178.04	143.65
Canada (115)	136.86	+0.4	110.39	108.31	110.95	116.84	+2.4	3.15	137.32	112.08	109.10	112.75	117.29	144.28	126.49	135.95
Denmark (38)	270.08	+1.1	217.88	213.75	218.98	222.35	+3.6	1.61	267.42	218.26	212.49	219.60	222.87	273.94	217.74	258.31
Finland (15)	89.80	+16.1	72.43	71.07	72.81	80.37	+18.7	2.64	89.17	72.78	70.85	73.22	80.55	125.15	73.32	103.46
France (108)	154.70	+2.8	124.79	122.43	125.42	129.04	+5.5	3.44	152.92	124.81	121.50	125.57	128.87	154.70	119.11	143.15
Germany (65)	122.84	+4.7	99.09	97.23	99.59	99.59	+7.6	2.32	121.72	99.34	96.72	99.95	99.95	125.35	94.15	118.31
Hong Kong (55)	195.74	+11.0	157.89	154.91	158.71	194.88	+10.6	3.89	193.87	158.24	154.04	159.21	193.05	195.74	119.62	135.63
Ireland (18)	172.02	+2.5	138.76	136.14	139.47	142.20	+5.1	3.59	171.26	139.78	136.08	140.63	142.87	182.46	132.88	157.82
Italy (77)	80.86	+7.3	65.22	63.99	65.56	70.96	+9.7	3.25	80.58	65.77	64.03	66.17	71.53	88.23	64.76	81.09
Japan (473)	127.91	–5.8	103.17	101.22	103.72	101.22	–5.6	0.84	127.77	104.29	101.52	104.94	101.52	146.97	118.23	139.09
Malaysia (68)	237.40	+10.8	191.49	187.87	192.47	237.72	+5.9	2.75	231.52	188.96	183.95	190.12	232.37	247.78	189.18	218.14
Mexico (18)	1554.95	+11.8	1254.27	1230.60	1260.72	5209.11	+12.6	1.00	1520.02	1240.61	1207.76	1248.20	5088.26	1554.95	534.45	601.55
Netherland (31)	156.48	+2.5	126.22	123.84	126.88	125.41	+5.3	4.31	154.89	126.42	123.07	127.19	125.66	156.48	125.70	140.41
New Zealand (14)	45.46	–3.2	36.67	35.98	36.86	44.44	–3.7	8.18	45.50	37.14	36.16	37.37	44.59	54.64	41.18	50.20
Norway (24)	182.83	+2.3	147.48	144.70	148.24	152.19	+5.1	1.78	183.03	149.39	145.43	150.30	153.78	223.24	157.08	203.35
Singapore (38)	226.11	+2.9	182.38	178.95	183.32	168.90	+3.0	2.06	226.78	185.10	180.20	186.23	169.83	228.43	151.63	176.86
South Africa (61)	243.38	–2.2	196.32	192.61	197.32	184.72	+6.8	2.69	241.96	197.48	192.25	198.69	184.26	271.99	173.00	199.28
Spain (52)	160.47	+2.6	129.44	127.00	130.10	119.68	+4.5	4.62	158.84	129.64	126.21	130.43	119.91	171.12	131.51	158.19
Sweden (25)	187.86	+3.7	151.53	148.68	152.32	157.68	+6.1	2.83	185.83	151.67	147.66	152.61	157.70	204.12	146.60	181.80
Switzerland (59)	104.22	+3.8	84.06	82.48	84.51	89.94	+6.7	2.23	102.91	83.99	81.77	84.52	89.89	104.22	82.17	98.53
United Kingdom (233)	184.60	–0.4	148.91	146.08	149.66	148.91	+1.4	4.99	183.61	149.86	145.87	150.78	149.85	187.44	158.27	177.93
USA (523)	167.89	–1.2	135.42	132.87	136.12	167.89	–1.2	2.91	169.01	137.94	134.29	138.79	169.01	171.66	125.95	145.46
Europe (809)	150.58	+2.0	121.47	119.17	122.10	122.48	+4.3	3.93	149.40	121.94	118.71	122.69	122.84	151.52	125.50	144.26
Nordic (100)	188.52	+2.6	152.07	149.20	152.85	151.24	+5.1	2.14	186.84	152.49	148.46	153.43	151.61	200.61	155.55	184.83
Pacific Basin (717)	130.33	–5.0	105.13	103.14	105.67	104.56	–4.8	1.17	130.10	106.18	103.38	106.84	104.79	145.92	117.86	138.12
Euro–Pacific (1526)	138.72	–2.1	111.90	109.78	112.47	112.44	–1.1	2.36	138.11	112.73	109.73	113.41	112.77	147.66	121.29	140.99
North America (638)	165.91	–1.1	133.83	131.32	134.54	164.42	–1.0	2.92	166.99	136.29	132.70	137.15	165.49	169.69	125.91	144.80
Europe Ex. UK (576)	129.79	+3.7	104.69	102.73	105.25	107.05	+6.4	3.18	128.54	104.91	102.15	105.58	107.26	129.80	103.58	123.73
Pacific Ex. Japan (244)	154.26	+2.8	124.43	122.10	125.08	137.94	+2.5	3.87	153.08	124.94	121.65	125.72	137.38	154.26	111.40	125.98
World Ex. US (1720)	140.68	–1.9	113.48	111.35	114.07	114.61	–0.7	2.38	140.07	114.32	111.30	115.03	114.90	148.16	122.32	141.60
World Ex. UK (2010)	145.39	–1.8	117.28	115.07	117.89	129.24	–1.1	2.30	145.48	118.72	115.59	119.46	129.74	150.58	120.08	138.29
World Ex. So. Af. (2182)	148.20	–1.6	119.54	117.29	120.16	130.63	–1.0	2.56	148.18	120.94	117.75	121.70	131.18	153.05	122.92	141.49
World Ex. Japan (1770)	161.25	+0.2	130.07	127.62	130.78	148.06	+1.2	3.31	161.28	131.63	128.16	132.46	148.74	161.90	128.69	144.62
The World Index (2243)	148.80	–1.6	120.03	117.77	120.66	131.12	–0.9	2.58	148.78	121.43	118.22	122.16	131.66	153.70	123.28	141.81

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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Constituent changes during the week ending 7/2/92: Deletions: Carlsberg C (Denmark), Rosehaugh (U.K.) and Vard B (Norway).

NOTICE

Notice to the holders of CENTRAL CAPITAL CORPORATION (The "Corporation"), 10⅞% Bearer Notes due July 22, 1992, issued pursuant to a Trust Indenture made as of July 22, 1987 between the Corporation and The Royal Trust Company as Trustee.

For the purpose of disseminating information, would the holders of these instruments please identify themselves to the Trustee, at either address shown below:

Delivery address:	*Mailing address:*
The Royal Trust Company	The Royal Trust Company
74 Victoria Street	P.O. Box 7010
4th Floor	Adelaide Street Postal Station
Toronto, Ontario	Toronto, Ontario
Canada M5C 2A5	Canada M5C 2W9
Attention: Bond Group	Attention: Bond Group
Corporate Trust Services	Corporate Trust Services

Fax Number (416) 981-3955

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	Wk% change	Div gross	Dividends paid	Last xd	City line
Abbott Labs		36⅞xd	3.1	$1.80	FeMyAuNv	10.1	1503
♥Allegheny & W		320p	11.5	30c	–	–	–
Amdahl		1046pxd	12.6	10c	MrMcJeAc	31.1	–
Amer Cyanamid		35¾	–3.6	$1.50	MrJeSeDe	27.2	–
Amer Express		11⅞xd	–2.3	$1.00	FeMyAuNv	30.12	1594
Amer T & T		20½xd	–2.1	$1.32	FeMyAuNv	27.3	1597
Ameritech		35½	–5.6	$3.48	FeMyAuNv	28.3	–
BankAmerica		22⅝xd	1.3	$1.36	FeMySeDe	18.11	1744
Bankers NY		34⅝xd	0.5	$1.82	ApJyOcJa	27.12	1745
Bell Atlantic		24⅝xd	–6.3	$2.52	FeMyAuNv	4.7	–
BellSouth		26⅛	–5.0	$2.76	FeMyAuNv	8.4	–
♥Bethlehem Steel		7¾xd	–4.5	–	MrJeSeDe	6.2	1821
Bowater		1228p	–4.8	$1.20	OcJaApJy	8.8	1884
CPC		45½xd	–3.2	$2.28	JaApJyOc	27.12	2283
California Engy		684p	–1.4	–	–	–	–
Campbell Soup	h	21⅞	–2.8	76c	OcJaApJy	24.12	2050
Chase Manhattan		12⅞xd	4.6	$1.20	FeMyAuNv	24.1	2109
Chrysler		8⅝xd	7.6	60c	ApJyOcDe	11.12	2135
Citicorp		9½xd	8.8	–	–	23.10	2141
Colgate-Palm		28⅞xd	–2.1	$1.60	FeMyAuNv	22.1	2164
Conn'l Bank		817p	12.1	80c	DeMrJeSe	31.5	–
Dana		17¼xd	–2.1	$1.60	MrJeSeDe	25.11	2306
Data General		640p	–7.9	–	–	–	–
Dial		27⅛xd	–5	$1.40	JaApJyOc	28.5	2778
Dun & Brad		28⅞	–6.9	$2.16	MrJeSeDe	13.2	–
Eaton		37⅛	–0.3	$2.20	FeMyAuNv	2.2	2410
Echlin		8¾xd	3.7	78c	JaApJyOc	30.12	3046
FPL		18¾xd	–3.2	$2.40	MrJeSeDe	28.11	–
Fluor		25¾xd	–0.3	48c	JaApJyOc	18.12	2609
Ford Motor		18¼xd	9.5	$1.60	MrJeSeDe	28.1	2615
Gen Elect		42⅝xd	–9	$2.28	JaApJyOc	4.12	2676
♥General Host		334p	8.3	34c	–	13.12	–
Gillette		28½xd	–1.7	82c	MrJeSeDe	29.1	2696
Hasbro		22⅞	2.2	24c	JaApJyOc	1.8	–
Honeywell		48⅞xd	–9	$1.66	MyJeSeDe	25.11	2919
Houston Inds		23⅛	–4.1	$2.96	MrJeSeDe	10.11	–
Ingersoll-Rand		32xd	–0.4	$1.32	MrJeSeDe	18.11	2979
Lockheed		22⅞xd	–1.6	$2.00	MrJeSeDe	18.2	–
Lowe's		2220p	–1.9	56c	JaApJyOc	11.7	–
Merrill Lynch		32⅛xd	–1.9	$1.00	FeMyAuNv	30.4	3351
Morgan (JP)		34⅞xd	1.5	$2.16	JaApJyOc	18.12	3418
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

Rockel							
■Rugby							
Russell (A)							
‡SWP							
‡Sandell							
St Gobain							
Sharpe & F							
‡Shaw (A)							
Sheffield In							
■Spring							
■Stamp							
■Steetley							
■Tarmac							
‡Tilon							
■Travis Pe							
‡Tudor							
Ward Group							
■Wickes							
■Wilshaw							
■Wolseley							
Worcester							

BUSINESS SERVICES

■ADT S							
AFP							
‡ASB Grou							
‡ATA Sele							
‡ATP Com							
Adam & Ha							
‡Air Londo							
African Lak							
‡Assoc En							
■Auto Ind							
■BET							
■BNB Res							
[illegible]							

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING—GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Unauthorised

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

MERCHANT BANKS - Cont.

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Northgate Expl C$ s	39	−1.3	–	–	–	10.77	–
North West Expl A$	6	–	–	–	–	–	–
Oryx Gold $	92	−3.2	–		–	–	[illegible]
‡‡Ovoca Gold I£	11	10.0	–	–	–	–	1470
Plateau	12	–	–	–	–	–	3407
RTZ	616	−2.3	19.5	1.7	Dec Jul	16.9	[illegible]
♥Tharco Res	5½	−4.3	–	–	–	–	–
‡Vizcaya	2	–	–	–	–	–	4193
♥Western & Pac C$	16	12.3	–	–	–	–	–
‡Young Grp	108	–	5.2	1.8	May Oct	2.9	[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

"740 Stock"

[illegible]

v Subject to local tax.

K Dividend based on prospectus or other official estimates for 1992-93

L Estimated annualised dividend, cover based on latest annual earnings.

M Dividend based on prospectus or other [illegible]

Y Figures assumed.

W Pro forma figures.

Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1250 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions: BTR Warrants 1995-96 (Section: Other Industrial Materials), Seafield Resources (Oil & Gas) and Spanish Smaller Companies Fund (Other Financial)

Deletions: IBM Corp, Texas Instruments and TRINOVA (Americans), Value & Income 6¼pc Cv Pref. (Inv Trusts), Astra Hldgs (Miscellaneous), Edbro (Motors), Property Trust (Properties) and Dana Exploration (Mines).

4:00 pm prices February 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	12¾	AAR Corp x	0.48	3.2	16	347	u15⅞	15	15⅞	+⅛
25	22½	A L Labs A	0.16	0.7	25	66	23⅝	23	23	-½
66¾	58¾	AMP Inc x	1.52	2.4	25	2182	62⅝	60½	62⅜	+½
75½	68⅜	AMR				254060	74	72⅝	73¼	-⅜
2⅜	1⅝	ARX			2	280	u2⅜	2¼	2⅜	
53½	46¼	ASA	3.00	6.0	14	1585	52½	49¾	50¼	-2⅞
68⅞	60¾	Abbott Lab	1.00	1.6	25	6795	65⅝	64½	65⅜	-⅛
13¼	12¼	Abitibi Pr	0.50	3.8	17	26	13	13	13	+⅛
11⅜	10½	ACM Gvt In x	0.96	9.0		1535	10¾	d10½	10⅝	+⅛
10⅜	9⅛	ACM GrOpp x	0.80	8.4		504	9½	9⅛	9½	+⅛
9½	8⅝	ACM Gvt Sp x	1.01	11.7		717	8⅞	d8⅝	8⅝	-⅛
11¼	10⅛	ACM Gvt Sc x	1.26	12.3		788	10⅜	10¼	10¼	
9⅜	8⅝	ACM Man x	0.95	10.5		113	9	9	9	
12⅞	11⅞	ACM Managd x	1.08	9.0		120	12⅛	12	12	
10¼	7	Acme Clevl x	0.40	4.3	18	323	9⅞	9¼	9⅜	-⅜
5¼	4½	Acme Elect			3	24	4⅜	4⅜	4⅜	
39¼	21½	Acuson				158894	23⅞	23	23	-½
19⅞	18½	Adams Expr x	0.48	2.5	0	149	19⅛	18⅞	19	-⅛
15¼	13	Adobe12Pf	2.40	16.6		5	14¼	14¼	14¼	
5⅜	4½	Adobe Res			49	187	5⅛	5	5	-⅛
49⅛	42¼	Ad Micro				325	47¼	46¾	47	-½
21½	17⅜	Ad Micro P	3.00	14.8		138444	20⅜	19⅞	20¼	+⅜
7	5	Advest Grp	0.16	2.5	26	288	6½	6¼	6⅜	+⅛
45¾	39	Aetna Lf x	2.76	6.4		81840	43	41	43	+1⅞
11⅛	8⅜	Affil A x	0.24	2.2	97	498	10¾	10½	10¾	+⅛
32⅞	29⅛	Aflac x	0.40	1.3	16	1816	30½	30	30	-⅜
18⅞	15⅝	Ahmanson x	0.88	4.8		83346	u18⅝	18	18⅜	+⅛
22½	17½	Aileen Inc			18	114	21⅞	21⅛	21⅛	-⅝
83⅜	72⅞	Air Pr Chm	0.80	1.0	18	1128	78⅝	77⅞	78	
28⅞	23⅜	Airbne Frt x	0.30	1.1	20	282	28¼	27⅝	28	-½
24⅞	22⅝	Airgas Inc			25	153	u26	24⅞	25½	+1
11¼	8¾	Airlease	1.64	14.9	7	77	11⅛	10⅞	11	+⅛
103½	99½	AlaPw8.16 x	8.16	8.0		z100	103	103	101½	-1½
25¾	21⅞	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
107	104	AlaPw9.44 x	9.44	8.9		6	105½	105½	105½	
108	102⅝	Alab Pw 11				2	104	104	104	
105	102½	Alab Pw 9P x	9.00	8.6		4	103½	103½	105	+1½
106	100¾	Alab 8.28C x	8.28	8.0		6	u105	104	104	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- A -

- B -

- C -

- D -

- E -

- F -

- G -

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- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11¼	10⅛	Royce Val	1.22	11.1		335	u11⅛	11	11	-⅛
37¼	33⅞	Rubbermaid x	0.34	1.0	34	1891	34	d33	33⅞	-⅛
17⅞	14⅞	Ruddick	0.24	1.4	13	651	17¼	16⅞	16⅞	-⅛
22¼	18	RussBerrie	0.60	2.8	19	128	21⅞	21⅝	21⅝	+⅛
1½	1	Russ Togs	0.20	13.3	0	792	u1⅝	1½	1½	+⅛
39⅞	33½	Russell Cp x	0.32	0.8	27	444	38⅞	38	38⅝	
24½	19⅝	Ryder Syst	0.60	2.7	35	1405	22⅞	22⅛	22½	+⅞
28	22¼	Ryland Grp	0.60	2.2	39	810	u28	27⅛	27⅝	+⅛

- S -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	17½	S Anita Rt	1.36	7.0	17	65	20	19½	19½	-⅝
18¼	15¼	SCOR US Cp	0.24	1.3	10	92	u18⅞	18¼	18¼	
29½	24⅞	SPS Techno	1.28	4.4	22	75	28¾	28½	28¾	
[illegible]	[illegible]	SaatchiAS	0.19	23.4	0	541	[illegible]	[illegible]	[illegible]	
13	12⅛	Sabine Rlt	1.35	10.7	7	62	12⅝	12½	12⅝	
11⅞	9½	Safecard x	0.15	1.3	10	965	11¼	10¾	11⅛	+⅛
16	14⅛	Safeg'd Sc			6	27	14⅝	14½	14⅝	-⅛
28¾	25⅛	SafetyKlin	0.32	1.2	26	1642	26¾	25⅞	26¾	+⅞
20¼	17½	Safeway			40	601	19	18⅝	18⅞	+⅛
4⅝	3¼	SafewayW96				10	4⅛	4⅛	4⅛	
34½	29⅞	StJoePaper	0.20	0.6	46	162	u34⅞	34½	34½	+⅛
34¾	32½	StJoeL&P x	1.72	5.2	13	4	32⅞	32⅝	32¾	-⅛
75¾	68½	St Paul's x	2.72	3.8	7	491	71½	70⅝	70⅝	-⅞
7¾	2⅞	Salant Crp			0	190	6⅝	5¾	6⅛	-⅞
75⅛	67	Sallie Mae x	1.00	1.4	19	2203	71	69¼	70	+⅛
14¼	13⅝	Salomon Br	1.61	11.6		948	14⅛	d13⅝	13⅞	
32½	28⅛	SalomonInc	0.64	2.2		73741	29⅝	28⅞	29½	

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81⅞	66½	Xerox x	3.00	3.7	16	5549	u82¼	80⅛	80⅜	-⅛
53⅝	50½	Xerox4.125 x				15	u53½	52½	53¼	+¼
27	24⅞	Xtra 1.94 x	1.94	7.2		373	u27½	26½	27	+½
33¼	26½	Xtra Corp x	0.80	2.4	14	668	u34⅛	33½	34	+⅛
27	25⅛	Yankee Egy	1.60	6.1	13	17	26⅝	26⅛	26⅛	-⅛
[illegible]	½	Zapata			67	446	[illegible]	[illegible]	[illegible]	
9⅞	7¾	ZenithElec				3669	9⅛	8⅞	9⅛	+⅛
16⅞	15⅞	Zenith Nat x	1.00	6.2	135	67	16½	16¼	16¼	-⅛
6⅝	6	Zenix Inc	0.84	12.9		267	6½	6⅜	6½	+⅛
12½	11⅛	Zero Corp x	0.40	3.2	19	1139	u12⅝	12⅜	12⅝	+¼
38	34⅝	Zurn Ind x	0.88	2.5	15	313	35¼	d34⅝	34⅞	-⅛
14⅛	13½	Zweig Fund	1.16	8.6		290	13⅝	d13½	13⅝	+⅛
11	10⅝	Zweig Totl x	0.96	9.0		461	10¾	d10⅝	10⅝	-⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices February 7

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Old Corp	0.14	6	479	7⅞	7⅝	7¾	-⅛
Pall Corp	0.36	53	1298	31½	29⅞	30⅝	-⅝
Pegasus G	0.10	8	551	13⅞	13	13	
Perini		6	18	13⅝	13⅜	13⅜	-¼
Pet H&P	0.31	8	30	11½	11½	11⅞	+⅛
Phil LD	0.18	15	516	36	35⅝	35⅞	+⅛

[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices February 7

[illegible]

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Xilinx		28	1817	28½	26¼	27¼	-1¼
Xoma Corp		13	2375	24	23¼	23¼	-¼
Yellow Fr x	0.94	29	991	28¼	27⅞	28¼	
York Rsch		58	1981	7⅛	6⅞	7	-⅛
ZionsUtah	1.44	9	27	u47½	46	47	+1

MONDAY INTERVIEW

The Veep does it his way

US vice-president Dan Quayle speaks to **Lionel Barber**

'I don't need a lot of outside advice'

In the summer of 1991, the Washington Post dispatched its two star reporters on a mission to discover the truth about US Vice-President Dan Quayle.

Over the next six months, David Broder and Bob Woodward conducted more than 200 interviews; they enjoyed unprecedented access to the vice-president, at home and abroad.

The resulting seven-part series created a mild sensation in Washington, since it corrected the caricature of the 1988 election campaign, suggesting it was time to take Mr Quayle seriously in 1992, an election year.

Today, the vice-president arrives in London, the last stop in a seven-day European tour. He has delivered an address on defence issues to the Wehrkunde conference in Bavaria, expressed US solidarity during talks with the leaders of the Baltic republics, and lunched with the US Olympic Team. The political rehabilitation of Dan Quayle is well under way.

On the eve of his trip, Mr Quayle invited the Financial Times to take a closer look, to see whether the Post's *magnum opus* really was the last word. The scene was the West Wing of the White House, and Vice-President Quayle was celebrating his 45th birthday, surrounded by photographs of his family, two aides, and the Stars and Stripes. He was wearing a broad smile.

Mr Quayle accepted graciously his birthday present – the authorised history of the Financial Times by David Kynaston – and immediately began to talk about recent bedtime reading material: The Americans by Daniel Boorstin and Seize the Moment, former President Richard Nixon's latest foreign policy tome.

"Fascinating," said the vice-president, "balance of power and all that."

It seemed churlish to interrupt, but remarks by Prime Minister Kiichi Miyazawa of Japan about the possible decline of the American work ethic had made front-page news from coast to coast. What was his response?

"No, No," said Mr Quayle. All very unfortunate. Maybe something had been lost in the translation. Japan was a very important ally.

Yes, but what about the Japanese prime minister's specific charge that many of America's economic problems came about because too many American college graduates went to Wall Street in the 1980s, rather than producing something of value?

"That's not true," Mr Quayle shot back. "If you look at our manufacturing numbers – as far as our total gross national product, manufacturing is up. I'm not going to get into a discussion of statistics, but I can tell you one statistic that I know very well, and that is that manufacturing for us is up. So we're still producing goods as well as services."

The vice-president is correct in one respect: figures show that manufacturing increased its share of gross domestic product in the second half of the 1980's. But there has been a steady erosion in the manufacturing workforce. In the 1980s, according to Professor Robert Reich of Harvard University, one of the country's leading economists, more than 2m jobs disappeared, 1m in the three years since the Bush/Quayle administration took office.

Mr Quayle is, of course, a child of the 1980s. As a 33-year-old Congressman, he rode the Reagan tide in 1980, crushing Senator Birch Bayh, the liberal incumbent Democrat in Indiana. Over the next eight years, Mr Quayle carved out a solid, but not particularly inspiring record in the US Senate, developing some expertise in defence and national security issues.

Today, he has matured, his staff say. One aide noted that he spends between 60 and 90 minutes a day with President Bush when both men are in town. Indeed, officials stress that the Veep attends all the high-level intelligence briefings and receives all the top-secret information rightfully due to someone who is a proverbial heart-beat away from the presidency.

It is fashionable to engage in political revisionism about Quayle, so what were the vice-president's views about the 1980s – once seen as the decade when America regained its confidence, but now viewed as the decade of greed, the era of easy money and the stretch limousine?

The vice-president paused. Maybe things on Wall Street might have gotten a little out of hand; but "even some of the richest people in this country had to go to trial, and some went to prison. I think it will certainly serve as a reminder that nobody is above the law".

Mr Quayle is more exercised about executive pay in the US, especially when it is unrelated to performance. Without naming names, Mr Quayle said: "Where you have those exorbitant salaries, totally unrelated to performance of the company, it's ridiculous. I will go on record to say that for some, executive compensation is way out of line."

We turned to his European tour which includes stops in Finland, Lithuania, the ski slopes of France – the vice-president likes to ski almost as much as he likes a round of golf – Bavaria and London. Today he is due to meet Mrs Margaret Thatcher, followed by talks tomorrow with Prime Minister John Major, her successor, and Mr Neil Kinnock, leader of the opposition Labour party.

Would it make a dime's worth of difference if Labour or Conservative formed the next government? Naturally, this was a matter for the British people to decide, the vice-president replied. "But let me just tell you that John Major, in our viewpoint, has been one outstanding prime minister... There is a very special relationship between the president, George Bush, and the prime minister."

And Labour? Well, Mr Bob Hawke, the recently ousted prime minister of Australia, said the British Labour party had changed, an impression confirmed during a couple of meetings with Mr Kinnock and other Labour leaders. But of all the Labour MPs, Mr John Gilbert had a firm grip on military matters. "A very thoughtful individual," Mr Quayle commented.

The vice-president seemed keen to stress the continuing need for an independent British nuclear deterrent. "It has worked, and if Great Britain wants to relinquish its nuclear power capability who do you to abdicate this to? Pakistan?"

The conversation shifted to Mr Boris Yeltsin who had just left the US after his inaugural appearance at the UN and Camp David. Mr Quayle was not present at either meeting, but he has met the Russian president on several occasions (his staff suggest that both men share a common experience: each had a bad press early on in Washington).

The vice-president has top-rate staff, both on domestic and foreign policy. Mr Quayle was consistently sceptical about President Gorbachev and his reform intentions, even as far back as 1987. What was his impression of Mr Yeltsin?

"I trust his instincts. Before Gorbachev was willing to let the Baltics go, he said they were going to go. He was proud that he was the first democratically elected president of Russia, almost in history. I found him very direct, very forthcoming." But did he trust him? "Trust is something you hope for... something you earn."

It was a rare moment of reflection. Mr Quayle often seems inclined to rush to judgment (although other members of the administration credit him for sound political instincts when it comes to negotiating with Republicans on Capitol Hill). Yet every so often he also comes across as being caught in a time-warp.

Asked if the US would support Germany and Japan becoming permanent members of the UN Security Council, the vice-president stalled, suggesting that countries such as Nigeria or Brazil would clamour for similar treatment. Pressed that the US could easily lead the charge toward revising the entry rules, Mr Quayle responded by minimising US influence: "Look how many times we've been on the losing side on the UN resolutions that have come up. I wouldn't say that the UN is pro-American by any stretch of the imagination.

This is an odd judgment coming one year after the US secured UN support for waging war against Kuwait and when the Bush administration is calling for an expanded role for the UN. It is a view which is at least five years out of date.

The vice-president seems much more confident than four years ago when he suffered a thousand indignities at the hands of the television and press. Whatever the public doubts, he remains determined to continue his political rehabilitation, and that includes mastering the intricacies of a second presidential campaign.

"I am doing it my way... And I am going to rely on myself... I don't need a lot of outside advice." The vice-president speaks with the conviction, if not yet the authority, of someone who has his sights on higher office.

PERSONAL FILE

- **1947** Born Indianapolis. Educated Huntington High School; DePauw University, Greencastle, Indiana; and University of Indiana.
- **1974-77** Associate publisher in family newspaper and publishing business, Huntington Herald-Press.
- **1977** Elected to House of Representatives.
- **1980** Indiana senator.
- **1986** Re-elected senator.
- **1988** Chosen as George Bush's running mate.
- **1989** Vice-president.

Save Planet Earth from economists

MICHAEL PROWSE
on America

Mr Lawrence Summers, the World Bank's chief economist, has a fine mind. As a young Harvard professor in the 1980s he gained a reputation for brilliance. He sympathises with many liberal causes and served as economic adviser in Governor Michael Dukakis's ill-fated presidential campaign in 1988. But he appears to have one blind spot: the environment.

This matters because the World Bank is emerging as a key player in the global environmental debate. Will the bank back efforts to impose effective controls on carbon emissions? Will it make development loans conditional on strict environmental controls? Will it support trade sanctions against countries which refuse to clean up their dirty industries?

Mr Summers is well placed to mould opinion within the bank on such controversial issues. Perhaps more importantly, he is responsible for this year's World Development Report, always a powerful pedagogical tool. This year's report – which will be devoted to the economics of the environment – is being published ahead of schedule in an effort to influence debate at the United Nations conference on the environment in Rio this June. The "Earth Summit" could help set global environmental policy for this decade.

In January, at the American Economics Association meeting in New Orleans, Mr Summers made little effort to hide his feelings. He listened in exasperation to papers arguing that global warming could prove a more serious economic threat than hitherto realised. His own view was that it was a grossly overrated problem. Even on the most pessimistic assumptions, it would cause damage equivalent to only half a year's growth of gross national product (GNP) over the next half century. The implication was that efforts to curb carbon emissions should not be a priority.

The leaking of a confidential bank memorandum last week provided further insight into Mr Summers's thinking. "Just between you and me, shouldn't the World Bank be encouraging more migration of the dirty industries to the LDC [less developed countries]?" he wrote in a memo to senior staff dated December 12. He listed three reasons:

- The economic cost of pollution depends on the loss of earnings from increased illness and death. These costs are lowest in the lowest wage countries. "I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that."
- Pollution costs start low but rise more than proportionately with the output of toxic substances. It thus makes sense to shift dirty production to places where environments are still clean. "I've always thought under-populated countries in Africa are vastly under-polluted; their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City."
- The value attached to clean and healthy environments increases as living standards rise. The poor, in effect, cannot afford to have scruples. "The concern over an agent that causes a one in a million change in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under-five mortality is 200 per thousand."

Mr Summers subsequently said these comments were an "ironic" attempt to stimulate debate rather than serious policy proposals. The bank apologised on behalf of Mr Summers and said that protection of the environment was one of its main objectives. It did not condone the dumping of waste in other countries.

The memo's purpose is unimportant; it is the tone of the remarks that is revealing. It is hard to believe that anybody who cared deeply about the environment would write that way, even in a confidential memo. If you cared, you would not describe clean air as *inefficient*; you would not refer to an argument for dumping toxic waste in poor countries as "impeccable".

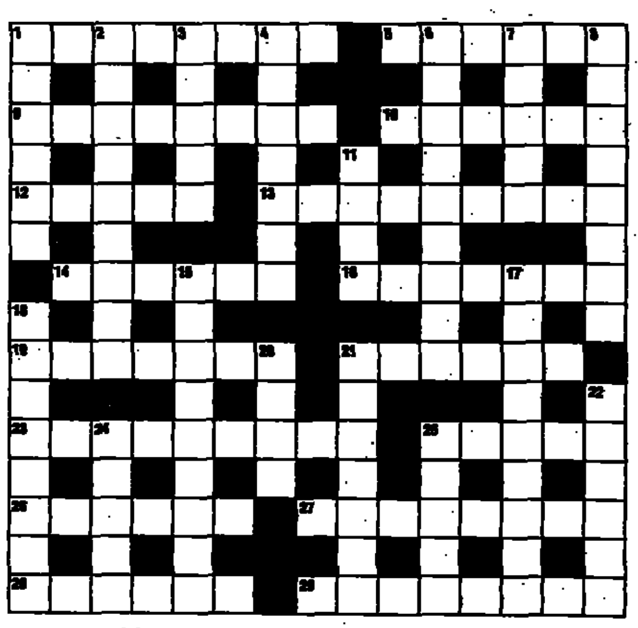
For Mr Summers, the environment seems to be just a pile of raw material: something you use up in creating GNP. It is not an uncommon attitude in America. In dashing for growth over two centuries, the US, after all, has despoiled its own continent. The air quality in the Blue Ridge mountains near Washington, once a natural paradise, is now sometimes so poor that people are advised not to leave their cars. Many rivers are poisonous. Urban landscapes are often indescribably ugly. But, hell, most Americans are happy enough. Why should the developing world not follow suit?

Viewed through the distorting prism of market economics, Mr Summers's arguments may appear logical. But should decisions on the location of factories really be determined by estimates of where human life is cheapest? And if the answer is yes, why stop there? Environmental controls are costly. Why should the bank – or anybody else – try to impose any environmental restraints in the third world? Let it enjoy dirty growth. Let the factories smoke. If the globe warms up a few degrees, so much the better: we'll all get a suntan. If the outside world becomes totally inhospitable, we can always live in pressurised plastic bubbles.

This is a recipe for ruin. The challenge is to find an equitable way of financing clean growth everywhere. Rather than figuring out ways to export dirty industries, we should be trying to prevent poor countries from repeating our own awful environmental mistakes. This requires vision from institutions such as the World Bank, not mean-spirited utilitarianism of the kind Charles Dickens satirised in Hard Times.

CROSSWORD

No.7,769 Set by QUARK



ACROSS

1 The interest could be in the conglomerate (8)
5 First class. How to get pot? (6)
9 Get through by taking food – eggs initially (8)
10 Common chap, they say, is one to make cuts (6)
12 Drive out English team to meet the French (5)
13 Sat BA – help erratic for lots of characters (9)
14 Put back the arithmetical problem into worker's puzzle (6)
16 Disclaim the engineers' piece of land (7)
19 Mine's the best place for repairs (3-4)
21 The papers could be there if needed (2,4)
23 Tow left river entangled in weed (9)
25 Main passage running through India or Tasmania (5)
26 Nothing in broken-down ranch is a source of confidence (6)
27 What the heavy roller did? (8)
28 Primitive tool Old English backed (almost supple) (6)
29 One sent out east (girl) by a railway (8)

DOWN

1 One element in force? (6)
2 Hood's gang we hear, thieved originally for fun (9)
3 Fat, round, bees swarming (5)
4 Crazy person may be cracked (7)
6 Knock down sale in city unfinished? It's fixed (9)
7 Material arising in well-utilised machines (5)
8 Piece of writing – a plot for hanger-on (8)
11 Provider of start for the horses (4)
15 The extreme say more than the others (9)
17 Continent with a lake in the country (9)
18 A wise man swallows his medicine – and allows for this? (8)
20 Front of ship has soft line (4)
21 One goes in when school's in session, intervening (7)
22 Marble's dull, showy but worthless (6)
24 Alcove almost collapsed, it's said (6)
25 Girl's silver coin turning up (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday February 22.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading ... / Final Prices for Trading ...

[illegible]	[illegible]	[illegible]	[illegible]

... after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading ... / Final Prices for Trading ...

[illegible]	[illegible]	[illegible]	[illegible]

... determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

Press intrusions and freedoms

JUSTINIAN

THE POTHER over the public revelations of the sexual peccadillo of Mr Paddy Ashdown, MP, and his former secretary should help to create a better balance between press freedom and editorial responsibility.

The incident brings the day nearer when parliament will legislate to give the individual citizen a right of action for unwarranted invasion of privacy, fitting appropriately alongside a reformed law of libel to protect the individual's reputation and self-esteem.

The second impact of the Ashdown affair should be to alert not just parliamentarians but, more importantly, the legal profession to the dangers to press freedom if lawyers indulge indiscriminately in the use of the injunction prior to publication. Support for a law to protect private lives can and should involve no interference with the editor's right to determine what goes in, and what does not appear, in his or her newspaper or periodical.

No one suggests that freedom of expression is absolute. Nor does anyone suggest that the publication may wilfully, or even unwittingly, damage a person's reputation. Every editor has to assess a story with the risk of libel in mind. The libel law provides a remedy by way of pecuniary compensation – sometimes, no doubt, juries over-compensate – to those who establish a falsehood that lowers them in the esteem of their friends and neighbours.

If the libel law currently bears down too heavily on newspapers, it is often the application of the law in the particular case that errs. Yet if the law itself is defective – and there is a case for so thinking – then it should be put on the reformer's shopping list for early legislation. There is a strong case for reviewing the law of libel, together with the ingredients of a proposed privacy law.

A call for Calcutt Mark II would be a wise step for the government to take. After all, the Calcutt committee on privacy *did not* say (as some commentators think it did) that it was impossible to define a law of privacy. It merely rejected the idea for practical reasons, to do with providing a harvest for litigious-minded clients and their lawyers. Instead Calcutt proposed three new criminal offences on journalistic trespass – a most undesirable proposal that would bring the courts and the media into unenviable confrontation. So far the government has not declared itself in favour of such a proposal.

A privacy law is a necessary component of organised society, to mark the right to respect for the citizen's private and family life, home and correspondence. For the public figure's lover, there can rarely be a public interest in publication, overriding his or her privacy. For the public figure, there may be cases where the private matter is relevant to his or her public life.

The Press Council in its declaration of principle on privacy in 1976 said that entry into public life did not disqualify an individual from a right to protection of private affairs, "save when the circumstances relating to the private life of an individual occupying a public position may be likely to affect his performance of his duties or public confidence in him or his office". Such a situation could be judged only in the particular case, and is not susceptible to statutory definition.

The courts have already pleaded for the ability to give a remedy to those whom the media have declined to leave alone. In the Gorden Kaye case two years ago, when journalists intruded into the actor's hospital room where he was recovering from serious head injuries, all three judges of the Court of Appeal urged the reform which the Calcutt committee thought subsequently was inappropriate.

What is forgotten in that case was the judges' affirmation of a long-established rule of practice in the law of defamation: that the court will rarely grant an anticipatory injunction. To stop a prospective libel would be to interfere with the freedom of speech. The same principle should apply to any new law of privacy. The fact that judges have departed in recent years from that almost invariable rule of practice emphasises how much they desired to extend some help to those threatened with breaches of confidentiality, which has become part of the judicial development that covers some cases of privacy, as in the case of Mr Ashdown.

It was the solicitors' mistake of obtaining the all-pervasive injunction against the News of the World that gave the media its only retort to the charge that journalists had been engaging in unsavoury prurience in chasing a supposed sex scandal. By resorting to the courts, the lawyers immediately converted a private matter into a question of public interest. To gag the press by not allowing it even to mention that an injunction had been sought and obtained was calculated to arouse cries of prior restraint and interference with the public's right to know – that the legal system was being used to silence the press.

The door-stepping that preceded the lawyers' unthinking rush to judgment reveals another aspect of the invasion of privacy: the pre-publicity harassment and intrusion on private property by journalists.

If the press wishes to assure politicians that under the new Press Complaints Commission it is behaving better, it could repair its public image that nothing has changed. The newspaper industry should set up an independent inquiry to examine the media activity over the last fortnight in relation to Mr Ashdown and his secretary. We may then know how well or badly journalists and their editors behaved, and whether they are serious in supporting the Press Complaints Commission and the industry's code of practice, which states that intrusions and inquiries into private lives "are not generally acceptable".

Louis Blom-Cooper QC